

**PUBLIC ACCOUNTS COMMITTEE
(1978-79)**

(SIXTH LOK SABHA)

**HUNDRED AND FORTY-THIRD REPORT
DIRECT TAXES**

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

**[Action Taken by Government on the recommendations
of the Public Accounts Committee contained in
their 78th Report (Sixth Lok Sabha).]**



सत्यमेव जयते

Presented in Lok Sabha on 27-4-1979

Laid in Rajya Sabha on 27-4-1979

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1979 | Vaisakha, 1901 (S)

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PUBLIC ACCOUNTS COMMITTEE

(1978-79)

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Lok Sabha

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3. Shri Bipin Behari—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and Forty-third Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 78th Report (Sixth Lok Sabha) on Direct Taxes relating to Ministry of Finance (Department of Revenue).

2. On 31 May, 1978, an 'Action Taken Sub-Committee' consisting of the following Members was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports.

1. Shri P. V. Narasimha Rao—*Chairman*.
2. Shri Asoke Krishna Dutt—*Convener*.

Members

3. Shri Vasant Sathe
4. Shri M. Satyanarayan Rao
5. Shri Gauri Shankar Rai
6. Shri Kanwar Lal Gupta

3. The Action Taken Sub-Committee of the Public Accounts Committee (1978-79) considered and adopted the Report at their sitting held on 21 April, 1979. The Report was finally adopted by the Public Accounts Committee on 24 April, 1979.

4. For facility of reference the recommendations or conclusions of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the recommendations or conclusions of the Committee have also been reproduced in a consolidated form in the Appendix to the Report.

5. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

NEW DELHI;

April 24, 1979.

Vaisakha 4, 1901 (Saka).

P. V. NARASIMHA RAO,
Chairman,

Public Accounts Committee.

CHAPTER I

REPORT

1.1. This Report of the Committee deals with the action taken by Government on the Committee's conclusions or recommendations contained in their 78th Report (Sixth Lok Sabha) on 'Working of Salary Circles' relating to Ministry of Finance (Department of Revenue).

1.2. Replies to all the Conclusions or Recommendations contained in the Report have been received from Government.

1.3. The Action Taken Notes on the Conclusions or Recommendations of the Committee contained in the Report have been categorised under the following heads :

(i) *Conclusions or Recommendations that have been accepted by the Government :*

Sl. Nos. 2, 5, 6—8, 12, 17-18.

(ii) *Conclusions or Recommendations which the Committee do not like to pursue in view of the replies of Government :*

Sl. Nos. 1, 10-11.

(iii) *Conclusions or Recommendations replies to which have not been accepted by the Committee and which require reiteration :*

Sl. Nos. 3-4, 16.

(iv) *Conclusions or Recommendations in respect of which Government have given interim replies :*

Sl. Nos. 9, 13—15.

1.4. The Committee hope that the final replies in regard to those recommendations to which only interim replies have so far been furnished, will be submitted to them expeditiously after getting them vetted by Audit.

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

Updating of Employers' Registers (Paragraph 115—Sl. No. 3)

1.6. Deploring the inaction in regard to updating of Employers' Registers an important regulatory mechanism, during the last 10 years, the Committee had, in above paragraph of the Report, recommended as under:

"The Committee find that though the Employers' Register, Tax Deduction Certificate, and the annual/monthly returns furnished by the Employers constitute important tools in the hands of the Income-tax authorities, these are not receiving adequate attention. Though the work of updating of Employers' Register had been in progress for more than a decade and the number of employers had increased from 64,862 on 31-12-1976 to 71,202 on 31-12-1977, the Employers' Registers are still far from complete and admittedly 'not updated'. The Committee deplore the inaction in regard to updating the Employers' Registers, an important regulatory mechanism, during the last 10 years. They recommend that updating of these Registers should be accorded priority and the work should be completed according to a time-bound programme."

1.7. In their reply dated 25 October, 1978, the Ministry of Finance (Department of Revenue) have stated as under:

"There is no doubt that the 'Employers' Register' etc. constitute an important tool in the hands of the Income-tax authorities for exercising control over the deduction of tax at source but the updating of these registers is a continuing process. The Commissioners of Income-tax were assessed in this matter demi-officially in February 1975 and again in May, 1976 emphasising the enforcement of provisions of the Income-tax Act and Income-tax Rules relating to Tax Deduction at source. The observations contained in the audit para were brought to the notice of all the Commissioners of Income-tax in January, 1978 for ensuring enforcement of these provisions".

1.8. While observing that though the work of updating of Employers' Register had been in progress for more than a decade and the number of Employers had increased from 64,862 on 31-12-1976

to 71,202 on 41-12-1977, the Employers' Registers are still far from complete and admittedly "not updated", the Committee had recommended that updating of these Registers should be accorded priority and the work should be completed according to a time-bound programme. In their Action Taken Note, the Department of Revenue have stated that the Commissioners of Income-tax were addressed in this matter demi-officially in February 1975 and again in May 1976 emphasising the enforcement of provisions of the Income-tax Act and Income-tax Rules relating to Tax Deduction at source. The Committee have further been informed that the observations contained in the Audit para were brought to the notice of all the Commissioners of Income-tax in January, 1978 for ensuring enforcement of these provisions. The Committee would urge the Government to keep strict watch over the implementation of these instructions. Since the Government's reply is silent in so far as the priority to be accorded to this work is concerned, the Committee would like to reiterate that Government should take suitable steps to ensure that updating of the Registers is expedited and is completed within a specified time-limit.

Delay in receipt of annual returns (Paragraph 116—Sl. No. 4)

1.9. Commenting on the lapse of the Government in not keeping a close watch on the timely receipt of returns from the Employers and also on their failure to levy penalty in the case of defaulters as provided for in the Income-tax Act, the Committee had, in above paragraph, observed as under:

"The Committee are perturbed to note that not only the Employers' Register are incomplete but the timely receipt of returns from the Employers are also not being closely watched. In as many as 5,871 cases, in all Commissioners' charges, annual returns had not been received at all. In 638 other cases in 5 Commissioners' charges, returns were received late by periods ranging from 1 month to 6 months upto December, 1975. It is surprising that though under the Act, the defaulters could be prosecuted and were liable to a fine of upto Rs. 10 for every day of default, no action was initiated in any of these cases. As pointed out by Audit, in respect of 410 cases of delayed returns in the Commissioners' charges of Tamil Nadu, Calcutta and Andhra Pradesh alone, the fine liable under the Act works out to Rs. 22.57 lakhs upto the end of December, 1978

The Committee wanted to know the names of the parties involved and reasons for non-levy of penalty in each case but have been informed that as it involves verification of 5,871 cases, it would take some time to furnish that information. The desired information has not been made available to the Committee. The Committee feel that had monitoring of the cases by the salary circles and the supervision by the C.B.D.T. ever the work of these circles been effective, such vital information should have been readily available with the Central Board of Direct Taxes, particularly when it had a close bearing on a point included in the Audit Report. The Committee would like the Board to obtain this information from the lower formations at the earliest. Meanwhile, the Committee would like the Central Board of Direct Taxes to apply themselves to the question of how best to ensure that the monthly/quarterly/annual returns are received from all the employers who are required to send them under the Income-tax Act and that in the case of defaulters penalty as provided for in the Act is actually levied."

1.10. In their reply, dated 25th October, 1978, Ministry of Finance (Department of Revenue) have stated:

"As stated above in reply to para 115 steps have already been taken to ensure enforcement of provisions in this regard. Information in respect of 5,871 cases is still being collected/collated and will be furnished as soon as it is ready. The processing of Annual Salary Returns under section 206 of the Income-tax Act is being computerised in 8 metropolitan cities of Bombay, Calcutta, Delhi, Madras, Kanpur, Ahmedabad, Bangalore and Hyderabad where the salaried employees are mostly concentrated. With the computerised processing, the work of salary circles relating to tax deductions at source is expected to improve considerably."

1.11. The Committee in their original recommendation had observed that in 5,871 cases, in all Commissioners' charges, annual returns from the Employers had not been received at all. Although the defaulters could be prosecuted and were liable to a fine of upto Rs. 10 for every day of default, no action was initiated in any of these cases. The Committee had desired to know the names of the parties involved and reasons for non-levy of penalty in each case but the Government could not furnish the information on the plea that it involved verification of as many as 5871 cases. The Committee are surprised to

note from the reply of the Ministry of Finance that "information in respect of 5,871 cases is still being collected/collated....." It is regrettable that even after a considerable length of time, the Government have not been able to provide the required information which only goes to prove the lack of supervision and effective control by Central Board of Direct Taxes over the salary circles. The Committee desire that the information may be furnished to them within 3 months of the resenatation of this report.

Working of the Salary Circles (Paragraph 128—Sl. No. 16)

1.12. While referring to the mistakes/irregularities that have been pointed out by Audit and which are only symptomatic of the maladies that beset the Salary Circles, the Committee in above paragraph of the Report had observed as under:

"The Audit Report has revealed some very serious lapses in the working of the Salary Circles. It would be remembered that the mistakes/irregularities that have been pointed out by Audit are only symptomatic of the maladies that beset the Salary Circles, the Audit scrutiny being confined to a test check only. The Committee are inclined to think that the type of cases of omissions that have been pointed out by Audit in a few selected Commissioners' charges and for a particular period must have occurred in other Commissioners' charges and in years prior to or after the period covered by Audit. It is, therefore, of utmost importance that other Commissioners' charges should review the cases of the type mentioned in Audit para for the last 5 years."

1.13. In their reply dated 25 October 1978, Ministry of Finance (Department of Revenue) have stated as under:

"The types of omissions brought out in the Audit paragraph have already been brought to the notice of the Commissioners of Income-tax in Board's Instruction No. 1133 [F. No. 275/116/77-II(B)] dated the 6th January, 1978. A copy of the Instruction has been furnished to the Committee in the Ministry's note F. No. 240/3/78-A&PAC-II, dated the 18th March, 1978."

1.14. Since the Audit Report had revealed some very serious lapses in the working of the Salary Circles and the type of cases of omission that have been pointed out by Audit in a few selected Commissioners' charges and for a particular period must have occurred in other

Commissioners' charges and in years prior to or after the period covered by Audit, the Committee had desired that other Commissioners' charges should review the cases of the type mentioned in Audit para for the last five years. The Committee have now been informed that the types of omissions brought out in the Audit paragraph have already been brought to the notice of the Commissioners of Income-tax. The Committee are not satisfied with the reply of the Government since it does not meet the specific recommendation of a review to be conducted. They would like to reiterate that review as recommended earlier may be carried out without any further delay and the results intimated to the Committee within 3 months of the presentation of this Report i.e. by the end of July 1979.

CHAPTER II

CONCLUSIONS OR RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

It is no secret that private sector has larger number of employees than employees under the Central Government. Not only that, it is common knowledge that the salaries and perquisites in the case of private sector are far higher than those under Central Government. According to a recent study made by the Reserve Bank of the distribution of highly paid company employees in organised private sector, in some industries like non-ferrous metals (basis), tobacco, dyes and dye-stuffs and aluminium the highest annual remuneration per executive ranges well above Rs. 60,000 per annum. Again, according to this study the highest paid executives are in the tobacco industry getting over Rs. 60,000, 24 getting over Rs. 80,000 and 19 getting over Rs. 1,00,000 per annum. This is followed by aluminium and dye & dye-stuffs in which the number of employees getting over Rs. 60,000 per annum is 45 and 36, those getting over Rs. 80,000 per annum is 26 and 17 and those getting over Rs. 1,00,000 is 14 and 13 respectively. The Committee recommend that in the context of RBI study, the Central Board of Direct Taxes should undertake a review at least in the case of selected industries and in respect of their top executives to see if the assessment of salaries and perquisites in the hands of the employees and the employers is being made with the care and attention that it deserves. The Committee would like to be assured that there is no evasion of tax whatsoever in these cases.

[Sl. No. 2 (Para 114) to the Appendix II of the 78th Report of the Public Accounts Committee (1977-78) (Sixth Lok Sabha)]

Action Taken

Necessary Instructions in the matter have been issued *vide* Ins. No. 1220 (F. No. 181/13/78-IT(AI) dated the 30th November, 1978. (copy enclosed as annexure).

[Ministry of Finance (Deptt. of Revenue) O.M. No. F. No. 241/22/78-A&PAC-II, dated 16 December, 1978]

ANNEXURE

Instruction No. 1220

F. No. 181/13/78-IT(AI)

GOVERNMENT OF INDIA
CENTRAL BOARD OF DIRECT TAXES, NEW DELHI

Dated the 30th November, 1978.

To

All Commissioners of Income-tax.

Sir,

SUBJECT:—*Recommendation of the Public Accounts Committee—78th Report—1977-78—Review in the case of selected industries in the context of RBI study—Assessment of salaries and perquisites in the hands of Top Executive and the employees.*

The Public Accounts Committee in its 78th Report for 1977-78 have observed as under:—

“It is no secret that private sector has large number of employees than employees under the Central Government. Not only that, it is common knowledge that the salaries and perquisites in the case of private sector are far higher than those under Central Government. According to a recent study made by the Reserve Bank of the distribution of highly paid company employees in the organised private sector, in some industries like non-ferrous metals (basic), tobacco, dyes and dye-stuffs and aluminium the highest annual remuneration per executive ranges well above Rs. 60,000 per annum. Again, according to this study the highest paid executives are in the tobacco industry getting over Rs. 60,000, 24 getting over Rs. 80,000 and 19 getting over Rs. 1,00,000 per annum. This is followed by aluminium and dye and dye-stuffs in which the number of employees getting over Rs. 60,000 per annum is 45 and 36, those getting over Rs. 80,000 per annum is 26 and 17 and those getting over Rs. 1,00,000 is 14 and 13 respectively. The Committee recommend that in the context of RBI Study, the Central Board of Direct Taxes should undertake a review at least in the case of selected industries and

in respect of their top executives to see if the assessment of salaries and perquisites in the hands of the employees and the employers is being made with the care and attention that it deserves. The Committee would like to be assured that there is no evasion of tax whatsoever in these cases”.

2. The Board desire that the cases of the top executives of the industries referred to by the PAC may be reviewed, with a view to ascertaining that the assessments of salaries and perquisites in their hands are properly made. The cases of the Committee engaged in these industries may also be reviewed with particular reference to the application of the provisions of Section 40 (a) (v) and 40 A (5) of the Income-tax Act, 1961. Further, Income-tax Officers, while completing the pending cases, may keep this aspect in mind while finalising the assessments.

3. These instructions may kindly be brought to the notice of all the Officers working in your charge.

4. A report regarding the review of the cases of the top executives may kindly be sent by 31-12-1978 in the enclosed proformae.

Yours faithfully,

Encl: Two proformas.

(M. SHASTRI),

Under Secy. Central Board of Direct Taxes.

Coy to:—

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7. Shri M. B. Rao, Joint Secretary, Ministry of Law, Justice and Company Affairs (Department of Legal Affairs), New Delhi.

(M. SHASTRI),

UNDER SECRETARY CENTRAL BOARD OF DIRECT TAXES

PROFORMA REGARDING ASSESSMENT OF COMPANIES MENTIONED IN REGARD TO INDUSTRIES MENTIONED
IN THE CIRCULAR

Name of the Assessee	P.A. No.	Assessment year	Total income returned	Total income Assessed	Disallowance made on Account of Sec. 40 (a)(v)	Disallowance under Section 40 (A) (5)	C.I.T.'s remarks as to whether the Figures in Col. 7 and 8 are correctly worked out in accordance with Law	
1	2	3	4	5	6	7	8	9

PROFORMA REGARDING ASSESSMENT OF TOP EMPLOYEES IN THE PRIVATE SECTOR

COMMISSIONER'S CHARGE

IAC's Range
ITO's Ward/Circle

S. No.	Name of the Assessee	P.A. No.	Assessment year	Total salary income returned	Total value of Perquisites included in (5)	Total salary Assessed	Value of perquisites included in Col. 7	C.I.T.'s remarks as to whether the figures in Col. 8 are correctly worked out in accordance with Law
1	2	3	4	5	6	7	8	9

Recommendations

117. Another glaring shortcoming noticed by the Committee in the working of salary circles is that challans pertaining to amounts of tax deducted at source are not being posted in the relevant Registers. In 120 cases, in one circle in Calcutta, the total amount of tax paid as per challans fell short of the total amount shown in the Annual Return by as much as Rs. 1.19 crores. The Committee have been informed that this discrepancy had arisen due to misplacement of challans during shifting of the salary section from one premises to another. The discrepancies are stated to have since been reconciled in 118 cases leaving behind only 2 cases involving a discrepancy of Rs. 1,384. The Committee are unable to accept the explanation that frequent shifting of office had led to these discrepancies for they find that these discrepancies have occurred even in charges where shifting of offices was not involved. For example, in 11 cases, in Andhra Pradesh it has been noticed that the main reason was non-availability of challan or arithmetical/typographical errors. Again, in the case of 8 Employers in Karnataka total deduction as per annual returns was Rs. 1,98,423 but the amounts credited as per challans totalled Rs. 1,55,837. This discrepancy is stated to have arisen due to the fact that tax deducted at source for the month of March was credited to Government account in April and was wrongly entered in the Alphabetical Register of the subsequent financial year.

118. In the context of these lapses, the representative of the Department admitted during evidence that they 'did not have control to ensure that the particular challans were posted in the daily collection register' but assured the Committee that the new accounting system introduced w.e.f. 1st April, 1977 provides a "feed-back" by which it would be possible for the Department to find out whether all the challans have been posted. The Committee wish to point out in this connection that misplacement of challans or non-posting of challans in the Employees' Registers would also result in harassment of assesseees on whom demand notices are issued and recovery proceedings are pursued without giving credit to the tax already paid. In this connection, attention is invited to para 15.5 of the Audit Report, Revenue Receipts—Direct Taxes for 1974-75 wherein it is pointed out that on a test check of 10 Tax Recovery officials, in West Bengal, it was noticed that in 251 cases involving Rs. 3.52 crores, the certified debtors denied claims on the ground that the demands had either been paid or subsequently reduced or set aside in appeal. The Committee recommend that the new system should be supervised well and its effectiveness should be kept under constant watch so that such discrepancies do not recur.

[Sl. No. 5 and 6 (Paras 117 and 118) to the Appendix II of 78th Report of PAC (1977-78) 6th Lok Sabha]

Action Taken

The observations of the Committee have been noted. There has been some difficulty in giving credit on the basis of the copies of the challans furnished by the assessees in cases where copies of the challans meant for the department are missing. A proposal has already been sent to the Audit in this connection for concurrence for giving credit to such assessees. The working of new accounting system is being kept under constant watch.

[Ministry of Finance (Department of Revenue) O.M. No. 241/22/78-A & PAC-II dated 25 October, 1978].

Recommendation

The Committee view with grave concern the cases brought to light by Audit in which either the tax was not deducted at source by employers or if deducted at source was not credited to Government account in time. There were 4 cases in Tamil Nadu and 2 cases in Calcutta where tax deductible at source had not been deducted/deposited. In 89 cases in Calcutta, Madhya Pradesh, Tamil Nadu and U.P., short deductions of tax at source to the extent of Rs. 1.11 lakhs have been noticed. No penal action was taken in these cases. In 85 cases in Bombay, Calcutta, Kerala, Tamil Nadu and U.P., the payments deducted at source were credited to Government account after delays of 14 days to 3 years. The interest leviable in these cases under the law, amounting to Rs. 5.06 lakhs not levied. Section 276B stipulates that "if a person, without reasonable cause or excuse, fails to deduct or after deducting fails to pay the tax, he shall be punishable in a case where the amount of tax which he has failed to deduct or pay exceeds Rs. 1 lakh, with rigorous imprisonment for a term which shall not be less than six months but which may extend to 3 years and with fine." During evidence, the representative of the Department said "we have no information about prosecution; obviously the prosecution has not been launched." The Committee cannot view with equanimity such a lamentable lack of concern displayed by the Central Board of Direct Taxes in this matter. Laws passed by Parliament providing for prosecution in such cases of default were meant to be implement and if they have not been the Central Board of Direct Taxes must accept its share of responsibility for lack of supervision and direction. The Committee would like the Board to enjoin upon the Commissioners that the Income-tax Officers should not hesitate in invoking the punitive provisions of the law in cases of non-compliance by em-

ployers of their statutory responsibility for deducting tax due from their salaried employees and depositing them in time.

[Sl. No. 7 (Para 119) of the Appendix II to 78th Report of PAC (1977-78) 6th Lok Sabha].

Action Taken

The position regarding the cases mentioned in this paragraph has already been brought to the notice of the Committee in the Ministry's reply dated the 18th March, 1978 to item 83(a) of the Lok Sabha Secretariat (PAC)'s questionnaire No. 10/1/2/77/PAC dated 18-2-1978. The Commissioners of Income-tax have been asked to enforce the relevant provisions of the Income-tax Act as stated in reply to para 115 above.

[Ministry of Finance (Department of Revenue) O.M. No. 241/22/78-A & PAC-II dated 25 October, 1978].

Recommendation

The Committee are perturbed to note that there have been many cases of incorrect computation/assessment of perquisite value of various amenities provided by the employers. Of the 53 cases pertaining to different assessment years between 1969-70 and 1974-75, it has been noticed that in the Commissioners Charges in Assam, Calcutta and Uttar Pradesh, mistakes involved in valuing the perquisites involved in rent-free accommodation' had resulted in a total short levy of tax of Rs. 70,752. The Committee understand that considering the nature of mistakes in 42 Calcutta cases suitable instructions are being issued by the Board. In the case of 3 foreign employees of a company in Tamil Nadu, drawing salary income of Rs. 1.10 lakhs to Rs. 1.80 lakhs per annum, the value of rent-free accommodation was calculated for the assessment year 1971-72 based on the municipal valuation of fair rental value adopted in the assessment years 1966-67 and 1967-68. As pointed out by Audit, the value so computed worked out to hardly 2 to 5 per cent. If 12.5 per cent of salary income was taken as the value of the perquisite, there would have been a further charge of tax of Rs. 90,480 in these cases. The Committee feel that the rules in this regard should be enforced strictly and instructions should be issued for effective and proper valuation of the perquisite of rent-free accommodation.

[Sl. No. 8 (Para 120) of the Appendix II to the 78th Report of the Public Accounts Committee (1977-78) (Sixth Lok Sabha)].

Action Taken

Necessary instructions in the matter have been issued by the Board *vide* Instruction No. 1099 (F. No. 220/78/77-IT(AI), dated 20-9-1977 and Instruction No. 1146 (F. No. 200/9/78-IT(AI) dated 27-1-1978 (Copies enclosed as annexure).

[Ministry of Finance (Department of Revenue) O.M. No. 241/22/78-A&PAC-II, dated 25 October, 1978]

ANNEXURE

INSTRUCTION NO. 1099

F. No. 200/78/77-IT(AI)

GOVERNMENT OF INDIA

CENTRAL BOARD OF DIRECT TAXES NEW DELHI

New Delhi: Dated the 20th September, 1977.

To

All Commissioners of Income-tax.

Sir,

SUBJECT:—*Assessment of senior executives of companies.*

An instance has come to the notice of the Board where enquiry regarding salary drawn abroad and the perquisites enjoyed by the senior executives of a foreign company operating in India revealed substantial under statement of income liable to tax. The detection was possible mainly due to the close co-ordination in the assessment of the foreign company and of its senior executives. In view of this, the Board would like to reiterate that where the cases of senior executives have not been assigned to the I.T.O. assessing the company, assessments in such cases should be completed after proper co-ordination with the ITO assessing the company and in particular after carefully examining the following points:—

2. Valuation of Perquisites**(I) Rent free accommodation:**

The value of this perquisite has to be determined under Rule 3(iii) read with the Explanation. In the case of premises owned by the company, the value of accommodation should be determined on the basis of market rent which a similar accommodation would realise in the same locality or the municipal value of the accommodation, whichever is higher. But while determining the fair rented value of the accommodation owned by the company, the cost of acquisition and other capital expenses on renovation etc. incurred by the company should be kept in view. In respect of premises taken on lease or rent by the company, the actual payment by the company should

be taken as fair rental value of the premises. If the company has incurred or agreed to incur expenditure on repairs, maintenance, etc. of the premises, a suitable adjustment should be made to arrive at the fair rental value.

No deduction should ordinarily be allowed on the ground that a certain portion of the residence is used for the purposes of office work.

(ii) *Value of Furniture etc.*

Senior executives are either provided with furnished accommodation or the furniture etc. It is understood that some companies have laid down norms in this respect. The particulars of the items may be obtained from the company and utilised for valuing the perquisite. This applies to item (i) also.

(iii) *Entertainment Expenses*

Details of entertainment expenses including club bills reimbursed by the company should be obtained. The Claim that the reimbursement of the expenditure was in respect of entertainment for purposes of the business of the company should be accepted only after proper scrutiny. Thus the value of this perquisite is to be properly ascertained.

3. *Furlough Pay*

Furlough pay paid abroad by companies is at times not included by the executives in their returns of income. The furlough pay being related to services rendered in India is income deemed to accrue or arise in India and as such is includible in the total income of all such employees.

The company should invariably be required to furnish particulars regarding furlough pay paid to the executive.

4. The above instructions may please be brought to the notice of all Officers working under your charge.

Yours faithfully,

Sd|-

(J. P. SHARMA),

Secretary,

Central Board of Direct Taxes.

F. No. 200/9/78-II (AI)

GOVERNMENT OF INDIA
CENTRAL BOARD OF DIRECT TAXES

New Delhi, dated the 27th January, 1978.

To

All Commissioners of Income-tax.

Sir,

SUBJECT:—*Valuation of Perquisite—Rent free accommodation—
Treatment of—*

The Revenue audit have recently pointed out several instances of mistakes in valuing the perquisite of rent free accommodation or of provision of accommodation at concessional rate.

One of the mistakes commonly noticed is that periods during which the employee has been away on short leave/annual leave has been left out in calculating the value of the perquisite. Even periods during which the employee has been on official tours have been excluded. This is not correct. If the accommodation has been placed at the disposal of the employee, the employee should be deemed to have enjoyed the perquisite of rent free accommodation, or accommodation at concessional rate, even if he is not in physical occupation of the accommodation.

This may be brought to the notice of all the Income-tax Officers. Assessments where valuation of perquisite has been done on a different basis should be re-opened and the demand raised should be collected.

Yours faithfully,

Sd/-

(MAHADEV SHASTRI)

Under Secretary

Central Board of Direct Taxes.

Recommendation

The Committee regret to note that some employers both in the private and public sector, who were paying conveyance allowance to their employees had adopted the practice of calling that allowance by various other names such as 'local travelling expenses', 'personal allowance', 'vehicle/car allowance', 'reimbursement of motor vehicle expenses', etc. For example, according to enquiries made by the Central Board of Direct Taxes, Life Insurance Corporation of India have re-named conveyance allowance. As in the case of many other public sector undertakings the payment is shown as re-imbusement of actual expenses. It is to be seen whether the change of nomenclature of conveyance allowance an attempt to circumvent the provisions of the law to claim the standard deduction upto the maximum amount of Rs. 3500 without being limited to Rs. 1000. If it is found to be so, this attempt to defraud revenue cannot but be deplored. The Committee have been informed that the Board have since issued instructions to the Commissioners on 27.1.1978 (just before the sitting of the PAC) wherein it has been clarified that if the employee is in receipt of an allowance which pertakes the character of a conveyance allowance, the standard deduction should be restricted to Rs. 1000 whatever be the nomenclature given to the allowance. The Committee trust that the Board would keep a watch that no company, whether in the public or private sector, indulges in such a practice. They would also urge that if conveyance allowance, by whatever name it was called pertook the character of conveyance allowance, the cases of erroneous deductions should be re-opened.

[Sl. No. 12 (Para 124) to the Appendix II of the 78th Report of
PAC (1977-78) 6th Lok Sabha]

Action Taken

The Board had already issued instruction No. 1144 (F. No. 200/116/77-ITA-I) on 27th January, 1978 clarifying that if an employee is in receipt of an allowance which partakes the character of a conveyance allowance the standard deduction should be restricted to Rs. 1000/- irrespective of the nomenclature given to the allowance. The Board had again drawn the attention of the Commissioners to the said instruction for necessary compliance and reply *vide* in their letter of even No. dated 20th October, 1978.

[Ministry of Finance (Deptt. of Revenue) O.M. No. 241/22/78-
A&PAC-II, dated 3 November, 1978]

Recommendation

The Committee have been informed that in recent years the Department of Revenue had taken certain steps to improve the working of Salary Circles. These include (i) appointment of separate Income Tax Officers for this work in pursuance of recommendations of the Committee of Experts on Accounting and Collection Procedures (1975), (ii) computerisation of annual returns and payment of salaries at source at 8 metropolitan cities to begin with, (iii) preparation of directory of employers and allotment of TDS numbers at the 8 centres, (iv) revision of proforma of the Challan and the cash book. The Committee welcome these measures but feel that more drastic steps are necessary to effect improvement in the functioning of salary circles, which, as the present examination has revealed, is far from satisfactory.

[Sl. No. 17 (Para 129) of Appendix II to 78th Report of the PAC (1977-78) (Sixth Lok Sabha)]

Action Taken

The Ministry assure the Committee that the working of salary circles will be kept under constant watch and necessary steps will be taken to achieve further improvement in the light of the experience gained. A Working Group was set up by the Central Board of Direct Taxes in September, 1977 with a view to make efficient administrative arrangements in connection with the work relating to "Tax Deduction at Source" which mainly concerns salary circles. The Group has since submitted the report which is presently under consideration of the Board. The steps taken as a result of examination of this report as also of the recommendations of the Direct Tax Laws Committee's report will also improve the functioning of salary circles.

[Ministry of Finance (Deptt. of Revenue) O.M. No. 241/22/78-A&PAC-II, dated the 4th November, 1978]

Recommendation

The Committee are pained to know that even though the audit paragraph was sent by Audit to the Ministry in November, 1976, till 31-3-1977, the Ministry had only stated that the audit objections were under consideration. The Ministry sent only partial replies to Audit just on the eve of the meeting of the Committee on 31-1-1978 contesting a lot of relatively smaller facts given in Audit Paragraph. It would help the work of the Committee if the Government take care to see that the facts contained in the Audit paragraph are verified well in time before the Audit Report is

printed. The Committee expect the Ministry of Finance to set an example for other Ministries in this regard rather than defaulting themselves.

[Sl. No. 18 (Para 130) of Appendix II to 78th Report of the PAC (1977-78) (Sixth Lok Sabha)]

Action Taken

The Committee will kindly appreciate that this was not a case of normal draft audit paragraph wherein a single or a few assessee's assessments were commented upon by the Audit. In this case verification of facts—factual, legal, administrative, etc., had to be made in over 5,800 assessee's spread over 20 Salary Circles all over India before an appropriate reply could be sent to the Audit.

2. The Ministry have been reviewing the procedure for dealing with the draft audit paragraphs received from the C&AG and issuing instructions to the Commissioners of Income Tax for their expeditious processing. The latest instruction issued was on 19th September, 1978. The Ministry assure the Committee that every effort will be made to furnish the replies to the draft audit paragraphs well in time.

[Ministry of Finance (Deptt. of Revenue) O.M. No. 241/12/78-A&PAC-II, dated the 25th October, 1978]

CHAPTER III

CONCLUSIONS OR RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT

Recommendation

The Committee are distressed to find that despite various measures taken by Government from time to time the working of 'Salary Circles', an important limb in the Income-tax administration, has not shown any perceptible improvement in the tax collection over salary incomes. In fact, if the test check by Audit of the records relating to assessment of persons other than companies is any indication, salary circles continue to be plagued by serious shortcomings and unless Government undertakes a complete overhaul of the working of these circles, the situation may deteriorate still further. The existing network consists of as many as 20 salary circles looked after by 6 Inspecting Assistant Commissioners exclusively and by 84 Inspecting Assistant Commissioners along with other circles. The main duties of a salary circle are to ensure that (i) tax is deducted at source by the employer; (ii) tax deducted is paid to the credit of the Central Government; (iii) proper assessment including valuation of 'perquisites'; and (iv) taxes demanded are collected. The examination by the Committee of the working of salary circles has revealed that these circles have, by and large, been woefully remiss in the discharge of these duties. In this context it may be noted that the number of assessments pending with the salary circles has gone up from 1.55 lakhs as on 31.3.1976 to over 4 lakhs in 1977.

[Sl. No. 1 (Para 113) of the Appendix II to the 78th Report of the PAC (1977-78) (Sixth Lok Sabha)]

Action Taken

The enforcement of tax laws relating to deduction of tax at source and collection of taxes demanded have—constantly been under review by the Central Board of Direct Taxes. In this connection, kind attention of the Committee is invited to the Ministry's O.M. of even number dated the 25th October, 1978, where replying to para 128, it was stated that the Commissioners of Income-tax

have been asked in January, 1978 to enforce strictly the provisions of the Income-tax Act, 1961 relating to deduction of tax at source from "Salaries". It has again been emphasized upon the Commissioners of Income-tax *vide* Instruction No. 1234 (F. No. 370/77/78-ITB) dated the 30th January, 1979 to keep a control over the progress of this work through appropriate control statistics with a view to enforcing the relevant legal provisions and optimising the tax collections. (*Annexure I*).

The problems arising in regard to the correct valuation of perquisites and the assessments of salaried persons are complex and varied. In the recent past the Board have issued the following instructions to ensure that the various types of perquisites enjoyed by employees are properly evaluated and brought to tax—

- (i) *Letter F. No. 200/84/76-(AI), dated the 18th December, 1976. (Annexure II).*

This clarification was sent to the Commissioners of Income-tax in response to a query regarding the assessment of the General Manager, South Central Railway wherein conveyance along with driver is provided and other perquisites like use of furniture, free electricity, water, servants etc., are also enjoyed. A copy of this clarification was endorsed to all Commissioners of Income-tax so that a uniform procedure will be followed in similar assessment cases.

- (ii) *Instruction No. 1099 (F. No. 200/78-77-IT(AI), dated 20-9-1977. (Annexure III).*

These instructions were issued to ensure that the salary drawn abroad and the perquisites enjoyed by the Senior Executives of foreign companies operating in India are properly brought to tax. The Instructions cover the valuation of perquisites like rent free accommodation, provision of furniture in the accommodation provided and entertainment expenses of the employees being reimbursed by the company. It also gave directions to assessee the furlough pay paid abroad by companies to their executives during the latter's service rendered in India.

- (iii) *Instruction No. 1145 (F. No. 200/6/78-IT(AI), dated 27-1-1978. (Annexure IV).*

This instruction deals with those instances wherein vehicles have been sold at nominal price to the em-

ployees of a company. The Board have directed that this would be a perquisite within the provisions of section 17(2) (iii).

(iv) *Instruction No. 1146 (F. No. 200/9/78-IT(AI), dated 27-1-1978. (Annexure V).*

This instruction was issued to the Commissioners of Income tax to ensure that the valuation of perquisites in the form of rent free accommodation is properly computed by including periods of leave, tour and those periods during which, even though the accommodation is provided, the employee is not in physical occupation of the same.

The Committee have compared the figures of pendency in Salary Circles which stood at 1.55 lakhs as on 31-3-76 and was over 4 lakhs in 1977. The figures of 1977 are as on 1-9-77 and not as on 31-3-77. Thus, the comparison of these two figures would not reflect the correct position. In each financial year the returns are, in a majority of cases, filed by the end of June. Accordingly, the pendency of assessments would be highest at the end of June and would remain high during the first half of each financial year. The figures of pendency relating to 31-3-76 are those when the financial year had come to an end and fresh returns for the new financial year were yet to be received.

[Ministry of Finance (Department of Revenue) O.M.
No. 241/22/78-A&PAC-II, dated 27 February, 1979]

INSTRUCTION NO. 1234

ANNEXURE I

F. No. 370/77/78-IT(B)

CENTRAL BOARD OF DIRECT TAXES

New Delhi, the 30th January, 1979

To

All Commissioners of Income-tax.

Sir,

SUBJECT:—*Deduction of tax at source—Enforcement of Collection—*

As you are aware the collections from tax deducted at source form a significant part of the total annual collections of Income-tax

and Corporation-tax. During the year 1977-78, the contributions from this source amounted to Rs. 372 crores (16.70 per cent) out of the total collections of Rs. 2223.00 crores. Moreover, as compared to other sources of collections, i.e., advance-tax, self-assessment and regular assessment tax, the collections from this source can be maximised by spending perhaps the least effort in terms of material and manpower resources of the department. It is, therefore, necessary to tap this source to the maximum extent possible for optimising tax collections.

2. The various issues connected with the manner of enforcing the provisions relating to tax deducted at source are briefly indicated in the Annexure.

3. You are requested to take urgent steps to ensure that the tax, which is required to be deducted at source, is properly deducted and necessary action is taken promptly in all cases of default in payment of tax deducted at source.

4. *Vide* Board's d.o. letter No. A-11013/36/74-Ad. VII, dated 9-6-1975 separate ITOs for tax deducted at source from salaries were posted. The services of these officers may also be utilised to check up the returns and statements relating to Tax Deduction at source from payments other than salaries. The ITOs exercising jurisdiction over the cases of the persons responsible for deduction of tax at source may be requested to enforce the receipt of statutory statements for the deductions and also to ensure that the payments of tax deducted at source are being made by the deductors regularly.

5. You are requested to keep a control over the progress of this work through appropriate control statistics. The Board would also like to be informed of the results achieved in this important area of work. The action taken in this matter upto 28-2-79 may please be intimated to the Board by the 15th March, 1979 as per proforma given in the Annexure.

6. Please acknowledge the receipt of this letter.

Yours faithfully,

Sd/-

(S. R. WADHWA)

Secretary, Central Board of Direct Taxes.

Copy to:

1. DI (IT & Audit).

2. DI (Inv.)|DI (R&S)|DOMS|DI (P&PR), New Delhi.

3. Asstt. Director of Inspection (Bulletin)/DOMS—6 copies.
4. Bulletin Section of DI(RSP) with 6 spare copies.
5. All officers and Sections in the Technical Wing of Central Board of Direct Taxes.
6. Hindi Section with the request to furnish stencils of Hindi version of the above instructions.
7. Section Officer (Ad. VII).
8. ITCC Section—2 copies.
9. Chief Controller of Accounts (CBDT), New Delhi.
10. Inspection Division of CBDT, Vikas Bhavan, New Delhi. (with 4 spare copies).
11. C&AG of India, New Delhi (with 30 spare copies).

Sd/-

(V. K. SWAMINATHAN)

Desk Officer.

Central Board of Direct Taxes.

Encl.: As above.

ANNEXURE

TAX DEDUCTED AT SOURCE

A. DIVIDENDS (Section 194)

- (1) Manner of enforcing the TDS provisions.

Action by payer

Rule 37

The Principal Officer of every company paying dividends has to deduct tax at source from such dividends. A statement of such deduction in Form No. 26 is required to be sent to the I.T. assessing the company within 14 days of the deduction of tax. The tax deducted has to be remitted to Government account within 7 days of such deduction.

Section 286, Rule 117

The Principal Officer of every Indian company or a company which has made prescribed arrangements for declaration and payment of dividends in India is required to send before 15th June in each year of the ITO assessing the company a return in Form

No. 51 indicating therein the name and address of shareholders, details of dividends declared and of tax deducted at source, in respect of shareholders with dividends exceeding Rs. 1|- if the shareholder is a company and exceeding Rs. 5,000 in case of any other shareholder.

Action by ITO

The ITO assessing the company has to maintain a register regarding deduction of tax at source from dividends as explained in para 24 of Chapter XIII of Office Manual, Volume II, Section II, page 96. One page of this register is allotted to each company. Entries are to be made from year to year regarding the same company in this page on the lines of statement in Form No. 26 furnished by the company. The register provides, amongst other things, information regarding date of annual general meeting, date of declaration of dividends, amount of dividend and of tax deducted at source, date of payment of tax deducted into Government account, No. and date of challan through which payment is made and verification regarding payment and correct deduction. The register also provides for reconciliation between the number of companies on the G.I.R. and the number of companies that have declared dividends and deducted tax.

	<i>No. of cases.</i>	<i>Amount</i>
(i) No. of companies assessed in the charge.		
(ii) How many companies have declared dividends during the period 1-4-78 to 28-2-79.		
(iii) How many have defaulted in filing returns in Form No. 26 under rule 37 (2).		
(iv) How many of the companies at (ii) committed default of :		
(a) Not deducting tax.		
(b) After deducting the tax not depositing it in the Government account within the prescribed time.		
(c) Not depositing to Government account at all		
(d) Action taken against the defaulters to .	<i>No. of cases.</i>	<i>Amount</i>
(a) Interest levied on delayed payment u/s 201 (1A)		
(b) Penalty levied u/s 201 (1) read with section 221		
(c) Prosecutions launched u/s 276B		Nil
(d) Other coercive processes for recovery initiated.		

B. LOTTERIES AND CROSSWORD PUZZLES:

(1) Manner of enforcing the TDS provisions.

Action by the payer:

Every person responsible for deduction of tax, except where deduction is made by or on behalf of the Government, has to furnish in Form No. 26B to the ITO having jurisdiction to assess him, quarterly statements on 15th July, 15th October, 15th January and 15th April, in respect of the deductions made in the immediate preceding quarter. The return has to indicate particulars of winnings and of tax deducted at source and date of payment etc., The Income-tax deducted from winning from lotteries and crossword puzzles has to be deposited to Government account within one week from the date of such deduction.

Action by I.T.O.

The I.T.O. should see if the returns in Form No. 26B had been received from the Director of Lotteries of the State Government and that the tax has been properly deducted and the amount payable has been intimated to the A.G. for payment to the I.T. Department.

(2) Information desired by the Board

Position as on
28-2-79 in respect of
the financial year
1978-79

(i) No. of lotteries conducted by the State Governments.

(ii) The total amount involved under these lotteries.

(iii) Tax payable.

(iv) Tax paid.

(v) No. of cases of default of :

(a) Non-deduction.

(b) Non-payment of tax deducted to the credit of Government in time.

(vi) Action taken against defaulter, i.e., letters to State Governments issued etc.

C. PAYMENT TO CONTRACTORS AND SUB-CONTRACTORS:

(1) Manner of enforcing TDS provisions.

Action by payer

Rule 37

Every person responsible for deduction of tax except where deduction is made by or on behalf of the Government, has to furnish in Form No. 26C to the ITO having jurisdiction to assess him, quarterly statements on 15th July, 15th October, 15th January and 15th April, in respect of the deductions made in the immediate preceding quarter. The return has to indicate the particulars of the contract, tax deducted at source and date of payment etc. In the case of deduction by or on behalf of the Government, tax has to be remitted to Government account the same day. In cases where payment to contractors|sub-contractors is credited by the payer to the account of the payee as on the date upto which accounts of such business or profession are made, tax has to be remitted to Government account within two months of the expiration of the month in which that date falls; in any other case within one week from the last day of the month in which the deduction is made.

Section 285A

Any person entering into a contract, *inter-alia*, for carrying out any work or for the supply of goods or services in connection therewith the value of which work or supply or both exceeds Rs. 50,000 is required to send within one month of the making of the contract a statement in Form No. 52 to the ITO having jurisdiction to assess him. In this Form he is required to give the details of the contract—the date and value of the contract etc.

Action by the I.T.O.

The list of Disbursing Officers in the private sector and public sector and Government departments should be updated on the basis of the returns received in the preceding year and other relevant information. Letters may be addressed where returns have not been received, requesting the person concerned to file the quarterly returns of TDS if they are liable to make deduction u/s 194C in the current year. Action to ensure that the tax to be deducted at source has been so deducted and paid may thereafter be taken.

(2) Information desired by the Board

Position during
1-4-78 to 31-1-79

-
- (a) No. of disbursing officers (both private and Govt.).
- (b) In how many cases quarterly statement in Form No. 26C prescribed under rule 37 (2C) have been received.
- (c) What is the total amount of tax deducted at source u/s 194C.
- (d) No. of cases where tax deducted at source paid in the Banks :
- (i) In time.
- (ii) Beyond time.
- (iii) Not paid.
- (e) Steps taken against defaulters.

I. Non-Government deductions :

	<i>No. of cases</i>	<i>Amount</i>
(a) To charge interest of delayed payments u/s 210 (1A).		
(b) To levy penalty u/s 201 (1).		N.A.
(c) To launch prosecutions u/s 276 (b).		N.A.
(d) Other coercive process for recovery initiated.		

II. Govt. deductions :

Action taken against the defaulters.	N.A.
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D. INSURANCE COMMISSION (Section 194-D):

(1) Manner of enforcing TDS provisions.

Action by the payer:

Every person responsible for deduction of tax has to send a certificate to the ITO having jurisdiction to assess him:—

- (i) A certificate in Form 26-D quarterly on 15th July, 15th October, 15th January and 15th April in respect of deductions made by him during the immediately preceding quarter.

- (ii) A statement in Form No. 26E on or before of 30th of June of each year in respect of the deductions made during the immediately preceding financial year.
- (iii) A statement in Form No. 26F on or before the 30th day of June of each year in respect of the Insurance Commission credited or paid during the immediately preceding financial year without deduction of tax.

Action by ITO:

The ITO should see that the certificate in Form No. 26D has been received from all Insurance Companies by the prescribed date. He should verify the payment with reference to the copy of the challan available with him. He should also ensure that the statement in Form 26E has been received by the 30th of June and the amount of tax has been correctly worked out therein. A list of all Insurance Companies assessed in his charge should be prepared and updated periodically with a view to verify whether the said statements/certificates have been received from all persons who are liable to deduct tax at source.

Information desired by the Board:

	No. of cases	Amount
(i) No. of companies transacting insurance business.		
(ii) Total amount of Commission paid by these companies.		
(iii) The amount of tax deducted at source.		
(iv) No. of cases of default of :—		
(a) Non deduction		
(b) Non payment of tax deducted to the credit of Government in time.		
(c) Action taken against the defaulters to :		
(a) charge interest of delayed payment u/s 201 (1A)		
(b) levy penalty u/s 201 (1)		
(c) launch prosecutions u/s 276B		
(d) other coercive processes for recovery initiated.		

E. HORSE RACES (Section 194-BB)**(1) Manner of enforcing the provision**

Deduction of tax at source is to be made only in cases where the income by way of winnings from horse races to be paid to a person exceeds Rs. 2,500/-.

Every person making deduction of tax in accordance with Section 194-BB from income by way of winnings from horse races is required to send to the ITC having jurisdiction to assess him a statement in Form No. 26BB quarterly on July 15th, October 15th, January 15th and April 15th in respect of deductions made by him during the immediately preceding quarter. The return has to indicate the particulars of the winnings from horse races, and of tax deducted at source and date of payment etc. The Income-tax deducted from winnings from horse races has to be deposited to Government account within one week of the date of such deduction.

Action by I.T.O.

The ITO should see if the quarterly returns in Form No. 26BB has been received from all persons liable to make deductions u/s 194-BB by the due date. On receipt of the returns he should check up whether the tax has been properly deducted and the amount deducted has been paid to the Government account within one week of the date of such deduction.

(a) Information desired by the Board:

Position during
1-6-78 to 31-1-79

(i) No. of persons to whom licences have been granted by the Govt. under any law for horse racing in any race course or for arranging for wagering or betting in race course.

(ii) The income involved from any race in an amount exceeding Rs. 2,500/- by the persons mentioned at (i) above.

(iii) The amount of tax deducted at source from such income.

(in) No. of cases of default of :

(a) Non-deduction

(b) Non payment of tax deducted to the credit of Government in time.

(c) Action taken :	No. of cases.	Amount
(a) To charge interest on delayed payments u/s 201 (1A)		
(b) To levy penalty u/s 201 (1)		
(c) To launch prosecutions u/s 276 (b)		
(d) Other coercive processes for recovery initiated.		

ANNEXURE—II

F. No. 200/84/76-II (AI)

GOVERNMENT OF INDIA

CENTRAL BOARD OF DIRECT TAXES

New Delhi, the 18th December, 1976.

To

The Commissioner of Income-tax,

Andhra Pradesh-II, Hyderabad.

Sir,

SUBJECT:—Income-tax Assessment—Sri K. S. Rajan, General Manager, South Central Railway—Regarding—

I am directed to refer to your letter Jdl. No. 36(28)/76-77, dated 4th October, 1976 on the above subject and to say that as regards conveyance allowance mentioned in para 2, since the employer provides a conveyance, the General Manager would be entitled to a deduction of only Rs. 1000/-.

2. The General Manager is provided with a conveyance both for official and private use along with a driver and use of petrol without limit and also gets other perks like use of furniture, free electricity, water, servants etc. All these amenities amount to perquisites within the meaning of Section 17(2) (iii) (c) of the Income-tax Act, 1961. The Board would not like to interfere in individual

cases and therefore the Income-tax Officer should proceed in the normal course while making such assessments.

Yours faithfully,

Sd/-

(M. Shastri)

Under Secretary, Central Board of Direct Taxes.

Copy of the letter No. Jdl. II.36(28)/76-77 dated 4.10.1976 from the Commissioner of Income-tax, Andhra Pradesh-II, Hyderabad addressed to the Secretary, Central Board of Direct Taxes.

SUBJECT:—*Income-tax Assesment—Sri K. S. Rajan, General Manager, South Central Railway—Regarding—*

It has been brought to my notice that the General Managers of Railways are allowed the use of one official car exclusively both for official as well as personal use. The orders of the Railway Board to this effect are contained in their Circular letters dated 15.1.1964 and 29.5.1968 (copies of which are enclosed). The Railway Board seem to have ruled that—

- (i) journeys from residence to office will be treated as duty.
- (ii) charges for private use of the car will be recoverable only if it exceeds 500 Kms. limit.

Prior to the issue of the circular dated 29.5.1968, the Railway Board had in its letter dated 15-1-1964 (copy enclosed) decided to collect Rs. 100/- for a car of 16 HP or less and Rs. 150/- for a bigger car of above 16 HP per month irrespective of distant travelled for private purposes.

2. Under the Income-tax Act, 1961, from the assessment year 1975-76, if the employer provides a conveyance, the employee is entitled to a deduction of only Rs. 1,000/- u/s 16 and not to the standard deduction of Rs. 3,500/-. The question has arisen whether the standard deduction is to be limited to Rs. 1,000 in the case of the General Manager, South Central Railway.

3. It is understood that the General Manager is provided with a conveyance both for official and private use along with a driver and use of petrol without limit and also gets other perks like use of furniture, free electricity, water, servants etc., which if true

clearly amount to perquisites within the meaning of Section 17(2) (iii) (c), but full details regarding such amenities are not available.

4. Before writing to the General Manager, South Central Railway regarding the above issues, the above matter is brought to the kind notice of the Board as the issues raised are of general importance. The Board may consider it advisable to issue general instructions if necessary in consultation with the Railway Board as to how the assessments are to be framed in the cases of General Managers of Railways. Since these officers hold exalted positions, I consider it advisable to avoid the Income-tax Officer, Salaries Circle, writing to the General Manager, South Central Railway individually as the functionary may feel that he is being singled out for invidious treatment. Hence, I have suggested the question being taken up with the Railway Board.

ANNEXURE—III

Instruction No. 1099.

F. No. 200/73/77-IT(AI)

GOVERNMENT OF INDIA

CENTRAL BOARD OF DIRECT TAXES

New Delhi, the 20th September, 1977.

To

All Commissioners of Income-tax.

Sir,

SUBJECT:—*Assessment of senior executives of companies.*

An instance has come to the notice of the Board where enquiry regarding salary drawn abroad and the perquisites enjoyed by the senior executives of a foreign company operating in India revealed substantial understatement of income liable to tax. The detection was possible mainly due to the close coordination in the assessment of the foreign company and of its senior executives. In view of this, the Board would like to reiterate that where the cases of senior executives have not been assigned to the ITO assessing the company assessments in such cases should be completed after proper

coordination with the ITO assessing the company and in particular after carefully examining the following points:—

2. Valuation of Perquisites

(I) Rent free accommodation:

The value of this perquisite has to be determined under Rule 3(iii) read with the Explanation. In the case of premises owned by the company, the value of accommodation should be determined on the basis of market rent which a similar accommodation would realise in the same locality or the municipal value of the accommodation, whichever is higher. But while determining the fair rental value of the accommodation owned by the company, the cost of acquisition and other capital expenses on renovation etc. incurred by the company should be kept in view. In respect of premises taken on lease or rent by the company, the actual payment by the company should be taken as fair rental value of the premises. If the company has incurred or agreed to incur expenditure on repairs, maintenance, etc. of the premises, a suitable adjustment should be made to arrive at the fair rental value. No deduction should ordinarily be allowed on the ground that a certain portion of the residence is used for the purposes of office work.

(ii) Value of Furniture etc.:

Senior Executives are either provided with furnished accommodation or the furniture etc. It is understood that some companies have laid down norms in this respect. The particulars of the items may be obtained from the company and utilised for valuing the perquisite. This applies to item (i) also.

(iii) Entertainment Expenses:

Details of entertainment expenses including club bills reimbursed by the company, should be obtained. The claim that the reimbursement of the expenditure was in respect of entertainment for purposes of the business of the company should be accepted only after proper scrutiny. Thus the value of this perquisite is to be properly ascertained.

3. Furlough Pay

Furlough pay paid abroad by companies is at times not included by the executives in their returns of income. The furlough pay being related to services rendered in India is income deemed to accrue or arise in India and as such is includable in the total income of all such employees.

The company should invariably be required to furnish particulars regarding furlough pay paid to the executive.

4. The above instructions may please be brought to the notice of all Officers working under your charge.

Yours faithfully,
Sd/-

(J. P. Sharma)

Secretary, Central Board of Direct Taxes.

ANNEXURE—IV

Instruction No. 1145

F. No. 200/6/78-IT (AI)

GOVERNMENT OF INDIA

CENTRAL BOARD OF DIRECT TAXES

New Delhi, the 27th January, 1978.

To

All Commissioners of Income-tax.

Sir,

**SUBJECT:—Sale of Vehicles by an employer to its employees—
Valuation of perquisites—instructions regarding—**

The Comptroller and Auditor General of India in the report for the year 1975-76 has pointed out that instances have come to his notice that companies sell their vehicles to their employees at a nominal prices and the benefit derived by the employees are not taxed as perquisites in their hands.

2. The above observation of the Comptroller and Auditor General has been considered by the Board. Section 17(2) (iii) of the Income-tax Act, 1961 lays down that the value of any benefit or amenity granted or provided free of cost or at a concessional rate in any of the following cases will be perquisites:—

- (i) by a company to an employee who is a director thereof;
- (ii) by a company to an employee being a person who has a substantial interest in the company.
- (iii) by any employer (including a company) to an employee to whom the provisions of (i) and (ii) above do not apply and whose income under the head "Salaries" exclusive of

all value of benefits or amenity not provided for by way of monetary payment exceeds 8,000 rupees.

The sale of transport vehicles|furniture, etc. to the employees enumerated above has to be examined in the light of Section 17(2) (iii) of the Income-tax Act, 1961. It has been decided by the Board that in such cases the difference between the market price and the sale price is taxable as a perquisite within the meaning of Section 17(2) (iii) of the Income-tax Act, 1961.

3. The Income-tax officers assessing the employer should specially enquire at the time of their assessment whether any assets have been sold to their directors or employees falling in the categories mentioned in para 1 above. If such a sale has been effected an examination should be made whether the sale was at market price or at less than the market price. If such a sale is for a price which is less than the market price the difference between the market price and the sale price should be taxed as a perquisite.

4. The amount of such perquisites will also have to be taken into consideration while determining the disallowance under section 40A(5) of the Income-tax Act, 1961.

5. These instructions may be brought to the notice of all the Income-tax Officers working in your charge.

Yours faithfully,

Sd/-

(MAHADEV SHASTRI)

Under Secretary, Central Board of Direct Taxes.

ANNEXURE—V

Instruction No. 1146

F. No. 200/9/78-IT(AI)

GOVERNMENT OF INDIA

CENTRAL BOARD OF DIRECT TAXES

New Delhi, the 27th January, 1978.

To

All Commissioners of Income-tax.

Sir,

SUBJECT:—*Valuation of Perquisite—Rent free accommodation—Treatment of—*

The Revenue audit have recently pointed out several instances of

mistakes in valuing the perquisite of rent free accommodation or of provision of accommodation at concessional rate.

One of the mistakes commonly noticed is that periods during which the employee has been away on short leave/annual leave has been left out in calculating the value of the perquisite. Even periods during which the employee has been on official tours have been excluded. This is not correct. If the accommodation has been placed at the disposal of the employee, the employee should be deemed to have enjoyed the perquisite of rent free accommodation, or accommodation at concessional rate, even if he is not in physical occupation of the accommodation.

This may be brought to the notice of all the Income-tax Officers. Assessments where valuation of perquisite has been done on a different basis should be re-opened and the demand raised should be collected.

Yours faithfully,

Sd/-

(MAHADEV SHASTRI)

Under Secretary, Central Board of Direct Taxes.

Recommendation

The Committee find that in Andhra Pradesh, a company (Wazir Sultan Tobacco Co.) sold during the period October, 1971 to July, 1973, 11 jeeps, vans and cars of the total original value of Rs. 2.36 lakhs to certain persons for a total sum of Rs. 0.94 lakh. A Standard Hereld car was sold to one of the serving employees of the Company. Acquired in 1967, the original price of this car was Rs. 19,814 whereas it was sold to him in October, 1971 for Rs. 6,500. In the hands of the employee the perquisite representing the difference between market price and sale price of the car was not taxed. The Department of Revenue have intimated that the aforesaid assessment is being reopened. The Committee do not appreciate the long time taken in reopening the assessment in the case of the employee. It should have been done soon after the case was pointed out in Audit.

[S. No. 10 (Para 122) to the Appendix II of the 78th Report of the PAC(1977-78) (Sixth Lok Sabha)]

Action taken

No local audit report was received in respect of the review of working of salary circles in so far as the Andhra Pradesh Charge was concerned. The local Accountant General was addressed on 16-12-76 and a copy of the special report on the scrutiny of the returns and assessments relating to the salary circle in Andhra Pradesh was received from the Accountant General only on 22-1-1977. The Income-tax Officer assessing the company obtained the information regarding the sale of car on 18-2-77. After detailed enquiries, it was found necessary to reopen the assessment for assessment year 1972-73. A proposal was made to the Commissioner for reopening the assessment u/s 147. Notice u/s 148 of the Income-tax Act, 1961 was issued on 1-3-1978 which was served on the assessee on 6-3-1978.

However the observation of the Committee have been noted.

[Ministry of Finance (Department of Revenue)
O.M. No. 241/22/78-A&PAC-II, dated the 25th October, 1978].

Recommendation

Section 40A (5) of the Income-tax Act provides for the disallowance in the assessment of the employer of payments on account of salary and perquisites in excess of the levels laid down in the Act, i.e., salary to an employee in excess of Rs. 5,000 a month and perquisites to an employee in excess of 1/5th of salary or Rs. 1,000 p.m. whichever is less. The Committee find that in the case of 36 employees of 4 companies in West Bengal salary and perquisites exceeded the prescribed limits by Rs. 1,71,507 but the excess was not disallowed in the assessments of the Companies resulting in under-assessment of the tax to the tune of Rs. 98,004. The Committee have been informed that in these cases the accounting year of the assessee is different from the accounting year of the company. The question whether this difference has any impact from the revenue angle "is stated to be under consideration". Similarly, in the case of two foreign technicians of Indian Aluminium Company in West Bengal, the excess amounting to Rs. 1.09 lakhs of salary over the prescribed limit was not disallowed in the assessment year 1972-73. The Committee have been informed that these cases too are under examination of the Department. The Committee deprecate the delay in finally deciding about these matters. They would like to be apprised of the final outcome.

[S. No. 11 (Para 123) of the Appendix II to the 78th Report (1977-78)
(Sixth Lok Sabha)]

Action taken

Under the provisions of Section 40A(5) of the Income-tax Act, 1961, a limit has been imposed in respect of any expenditure which results directly or indirectly in the payment of any salary to an employee or a former employee or in the provision of any perquisite to such employee. The limit is to be calculated @ Rs. 5,000 per month in respect of salary and for perquisite the limit is to be calculated at 1/5th of the salary or Rs. 1000/- per month.

2. Limits prescribed under section 40A(5) have to be examined and applied in the case of the assessment of the employer in relation of the accounting period followed by him. The accounting period of the employee would not be relevant in so far as the assessment of the employer is concerned. If on the basis of the employers' accounts, it is found that the salary paid to a particular employee exceeds Rs. 5,000 per month and the perquisite exceeds 20 per cent of the salary, the limits prescribed under section 40A(5) will have to be invoked and the excess will be disallowed. The question whether there has been any under-assessment or not, has to be judged in the light of the position stated above.

[Ministry of Finance (Deptt. of Revenue) O.M. No. 24/22/78-A& PAC-II, F. No. 228/31/78-ITA-II, dated the 4th November, 1978]

CHAPTER IV

CONCLUSIONS OR RECOMMENDATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The Committee find that though the Employers' Register, Tax Deduction Certificate, and the annual/monthly returns furnished by the Employers constitute important tools in the hands of the Income-tax authorities, these are not receiving adequate attention. Though the work of updating of Employers' Register had been in progress for more than a decade and the number of employers had increased from 64,862 on 31-12-1976 to 71,202 on 31-12-1977, the Employers' Registers are still far from complete and admittedly "not updated". The Committee deplore the inaction in regard to updating the Employers' Registers, an important regulatory mechanism, during the last 10 years. They recommend that updating of these Registers should be accorded priority and the work should be completed according to a time-bound programme.

[Sl. No. 3 (Para 115) to the Appendix II of the 78th Report of PAC (1977-78) (6th Lok Sabha)].

Action Taken

There is no doubt that the "Employers' Register" etc. constitute an important tool in the hands of the Income-tax authorities for exercising control over the deduction of tax at source but the updating of these registers is a continuing process. The Commissioners of Income-tax were addressed in this matter demi-officially in February 1975 and again in May, 1976 emphasising the enforcement of provisions of the Income-tax Act and Income-tax Rules relating to tax deduction at source. The observations contained in the audit para were brought to the notice of all the Commissioners of Income-tax in January, 1978 for ensuring enforcement of these provisions.

[Ministry of Finance (Department of Revenue)

O.M. No. 241/22/78-A&PAC-II dated 25th October, 1978]

Recommendation

The Committee are perturbed to note that not only the Employers' Register are incomplete but the timely receipt of returns

from the Employers are also not being closely watched. In as many as 5,871 cases, in all Commissioners' charges, annual returns had not been received at all. In 638 other cases in 5 Commissioners' charges, returns were received late by periods ranging from 1 month to 6 months upto December, 1975. It is surprising that though under the Act, the defaulters could be prosecuted and were liable to a fine of upto Rs. 10 for every day of default, no action was initiated in any of these cases. As pointed out by Audit, in respect of 410 cases of delayed returns in the Commissioners' charges of Tamil Nadu, Calcutta and Andhra Pradesh alone, the fine liable under the Act works out to Rs. 22.57 lakhs upto the end of December 1975. The Committee wanted to know the names of the parties involved and reasons for non-levy of penalty in each case but have been informed that as it involves verification of 5,871 cases, it would take some time to furnish that information. The desired information has not been made available to the Committee. The Committee feel that had monitoring of the cases by the salary circles and the supervision by the C.B.D.T. over the work of these circles been effective, such vital information should have been readily available with the Central Board of Direct Taxes, particularly when it had a close bearing on a point included in the Audit Report. The Committee would like the Board to obtain this information from the lower formation at the earliest. Meanwhile, the Committee would like the Central Board of Direct Taxes to apply themselves to the question of how best to ensure that the monthly/quarterly/annual returns are received from all the employers who are required to send them under the Income-tax Act and that in the case of defaulters penalty as provided for in the Act is actually levied.

[Sl. No. 4 (Para 116) to the Appendix II of the 78th Report of PAC (1977-78) 6th Lok Sabha]

Action Taken

As stated above in reply to para 115 steps have already been taken to ensure enforcement of provisions in this regard. Information in respect of 5,871 cases is still being collected/collated and will be furnished as soon as it is ready. The processing of Annual Salary Returns under section 206 of the Income-tax Act is being computerised in 8 metropolitan cities of Bombay, Calcutta, Delhi, Madras, Kanpur, Ahmedabad, Bangalore and Hyderabad where the salaried employees are mostly concentrated. With the computerised processing, the work of salary circles relating to tax deductions at source is expected to improve considerably.

[Ministry of Finance (Department of Revenue) O.M. No. 241/22/78-A&PAC-II dated 25 October, 1978]

Recommendation

The Audit Report has revealed some very serious lapses in the working of the Salary Circles. It would be remembered that the mistakes/irregularities that have been pointed out by audit are only symptomatic of the maladies that beset the Salary Circles, the audit scrutiny being confined to a test check only. The Committee are inclined to think that the type of cases of omissions that have been pointed out by audit in a few selected Commissioners' charges and for a particular period must have occurred in other Commissioner's charges and in years prior to or after the period covered by audit. It is therefore, of utmost importance that other Commissioner's charges should review the cases of the type mentioned in audit para for last 5 years.

[Sl. No. 16 (Para 128) of Appendix II to 78th Report of the PAC (1977-78) (Sixth Lok Sabha)]

Action Taken

The types of omissions brought out in the Audit paragraph have already been brought to the notice of the Commissioners of Income-tax in Board's Instruction No. 1133 [F. No. 275/116/77-IT (B)] dated the 6th January, 1978. A copy of the Instruction has been furnished to the Committee in the Ministry's note F. No. 240/3/78-A&PAC-II, dated the 18th March, 1978.

[Ministry of Finance (Department of Revenue) O.M. No. 241/22/78-A&PAC-II dated 25 October, 1978]

CHAPTER V

CONCLUSIONS OR RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT HAVE GIVEN INTERIM REPLIES

Recommendation

The Committee are surprised to note that in the statement furnished by a company in Calcutta for the assessment year 1973-74 a sum of Rs. 86,411 was shown as having been spent on "decoration and flower arrangements" in the gardens of the Directors and high executives as well as for supply of other articles, such as mattresses but the annual returns by the company did not include any of this amount. The test check of the individual assessments of the employees have indicated that the amounts were not added as perquisites. The main objection of the assessee was that though this was a "personal benefit" to him but it was something which "the company provided in order to keep up the maintenance and good appearance and prestige of the company." The Commissioner, it is stated, "feels that on facts it was not possible to treat these benefits as personal perquisites of the employees" and that as the "the employees are eligible for transfer.....the benefits, if at all, were enjoyed by them only for a short duration." The Committee are of the view that perquisite is a perquisite irrespective of the period for which it is enjoyed by an employee. The Committee, therefore feel that this matter should be re-examined.

[Sl. No. 9 (Para 121) of the Appendix II to the 78th Report of PAC (1977-78) 6th Lok Sabha]

Action taken

The question of disallowance of the said item under section 40A (5) was considered while completing the assessment of the employer Company (G.E.C.). The statement filed by the Company shows that it had included the item of Rs. 86,411 in the repairs and maintenance expenses totalling to Rs. 1,02,001/-. The assessee Company has included a sum of Rs. 39,761/- out of the above amount under section 40A(5).

A further amount of Rs. 60,540/- was added to the total income. Thus a total addition of Rs. 1,00,301 which includes a sum of Rs. 86,411/- has been added to the total income of the Company.

The question of the inclusion the sum as perks in the hands of the employees is under consideration in their assessments.

[Ministry of Finance (Department of Revenue) O.M. No. 241/22/78-A&PAC-II, dated 3 November, 1978]

Recommendation . .

The Committee note that the Bombay and Madhya Pradesh High Courts have held that the City Compensatory Allowance could not be considered as an additional salary or perquisite u/s 17(1) or 17(2) of the Income Tax Act, 1961 and as such is not taxable. The Department of Revenue are legally advised against filing a Petition for special leave before the Supreme Court. Meanwhile exemptions were being allowed in respect of City Compensatory Allowance in some places either in initial assessments or at the appeal stage. The Committee have been informed that question of making suitable amendment of law to get over the situation is under consideration of the Board. The Board have also issued instructions to the Commissioners to keep this issue alive by filing reference where such deduction is allowed on the ground that CCA does not form part of the salary at all. The Committee desire that a final decision on amendment of law should be taken soon.

[Sl. No. 13 (Para 125) of the Appendix II to the 78th Report of the Public Accounts Committee (Sixth Lok Sabha) 1977-78]

Action taken

The observations/recommendations of the Committee are under active consideration of the Ministry. A further reply may kindly be awaited.

[Ministry of Finance (Department of Revenue) O.M. No. 241/22/78-A&PAC-II, dated the 13 November, 1978]

Recommendation

It is noted that various banking and other financial institutions were advancing house building or other loans to the employees free of interest or on concessional interest but the perquisite value in such cases was not computed and brought to tax. (Para 126) .

The Committee note that following the judgement of the Madras High Court (100 ITR 629), the Department of Revenue had, on the advice of the Ministry of Law, called for the views of the Commissioners of Income-tax on the question whether difference between interest at standard rate and that actually charged on loans given by employers for house building, purchase of conveyance etc., should be treated as a perquisite. The Commissioner's viewpoints are stated to have been forwarded to the Ministry of Law on 7-3-1978 for advice. The Committee would like to be apprised of the final decision taken in this matter. (Para 127).

[Sl. Nos. 14 and 15 (Paras 126 and 127) of the Appendix II to the 78th Report (1977-78) (Sixth Lok Sabha)]

Action Taken

As already submitted, the matter was referred to the Ministry of Law for their opinion on 7-3-1978. The Ministry has not yet given their final opinion on the issue. The matter is under consideration.

[Ministry of Finance (Department of Revenue) O.M. No. 241/22/77-A&PAC-II, dated 3 November, 1978]

NEW DELHI;

P. V. NARASIMHA RAO,

April 24, 1979.

Chairman,

Vaisakha 4, 1901 (S).

Public Accounts Committee.

APPENDIX

Statement of Conclusions or Recommendations

Sl. No.	Para No.	Ministry/Department Concerned	Conclusion or Recommendation
(1)	(2)	(3)	(4)
I.	I.4	Ministry of Finance (Department of Revenue)	The Committee hope that the final replies in regard to those recommendations to which only interim replies have so far been furnished, will be submitted to them expeditiously after getting them vetted by Audit.
	I.8	do	While observing that though the work of updating of Employers' Register had been in progress for more than a decade and the number of Employers had increased from 64,862 on 31-12-1976 to 71,202 on 31-12-1977, the Employers' Registers are still far from complete and admittedly "not updated", the Committee had recommended that updating of these Registers should be accorded priority and the work should be completed according to a time-bound programme. In their Action Taken Note, the Department of Revenue have stated that the Commissioners of Income-tax were addressed in this matter demi-officially in February, 1975 and again in May, 1976 emphasising the enforcement of provisions of the Income-tax Act and Income-tax Rules relating to Tax reduction at source.

(1)

(2)

(3)

(4)

The Committee have further been informed that the observations contained in the Audit para were brought to the notice of all the Commissioners of Income-tax in January 1978 for ensuring enforcement of these provisions. The Committee would urge the Government to keep strict watch over the implementation of these instructions. Since the Government's reply is silent in so far as the priority to be accorded to this work is concerned, the Committee would like to reiterate that Government should take suitable steps to ensure that updating of the Registers is expedited and is completed within a specified time-limit.

3.

1.11

Ministry of Finance
(Department of Revenue)

The Committee in their original recommendation had observed that in 5,871 cases, in all Commissioners' charges, annual returns from the Employers had not been received at all. Although the defaulters could be prosecuted and were liable to a fine of upto Rs. 10 for every day of default, no action was initiated in any of these cases. The Committee had desired to know the names of the parties involved and reasons for non-levy of penalty in each case but the Government could not furnish the information on the plea that it involved verification of as many as 5871 cases. The Committee are surprised to note from the reply of the Ministry of Finance that "information in respect of 5,871 cases is still being collected/collated....." It is regrettable that even after a considerable length of time, the Government have not been able to

provide the required information which only goes to prove the lack of supervision and effective control by Central Board of Direct Taxes over the salary circles. The Committee desire that the information may be furnished to them within 3 months of the presentation of this report.

4. I.I4 do

Since the Audit Report had revealed some very serious lapses in the working of the Salary Circles and the type of cases of omission that have been pointed out by Audit in a few selected Commissioners' charges and for a particular period must have occurred in other Commissioners' charges and in years prior to or after the period covered by Audit, the Committee had desired that other Commissioners' charges should review the cases of the type mentioned in Audit para for the last five years. The Committee have now been informed that the types of omissions brought out in the Audit paragraph have already been brought to the notice of the Commissioners of Income-tax. The Committee are not satisfied with the reply of the Government since it does not meet the specific recommendation of a review to be conducted. They would like to reiterate that review as recommended earlier may be carried out without any further delay and the results intimated to the Committee within 3 months of the presentation of this Report, i.e., by the end of July 1979.

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20. Atma Ram & Sons,
Kashmere Gate,
Delhi-6.
21. J. M. Jaina & Brothers,
Tori Gate, Delhi.
22. The English Book Store,
7-L, Connaught Circus,
New Delhi.
23. Bahree Brothers,
188, Lajpatraï Market,
Delhi-6.
24. Oxford Book & Stationery
Company, Scindia House,
Connaught Place,
New Delhi-1.
25. Bookwell,
4, Sant Narankari Colony,
Kingsway Camp,
Delhi-9.
26. The Central News Agency,
23/90, Connaught Place,
New Delhi.
27. M/s. D. K. Book Organisations,
74-D, Anand Nagar (Inder Lok),
P.B. No. 2141,
Delhi-110035.
28. M/s. Rajendra Book Agency,
IV-D/50, Lajpat Nagar,
Old Double Storey,
Delhi-110024.
29. M/s. Ashoka Book Agency,
2/27, Roop Nagar,
Delhi.
30. Books India Corporation,
B-967, Shastri Nagar,
New Delhi.

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