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**STANDING COMMITTEE ON FINANCE
(2024-25)**

EIGHTEENTH LOK SABHA

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

[Action taken by the Government on the Observations/Recommendations contained in the Second Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Finance (Department of Revenue)]

FIFTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 2025/ Sravana, 1947 (Saka)

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[Action taken by the Government on the Observations/Recommendations contained in the Second Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Finance (Department of Revenue)]

Presented to Lok Sabha on 31 July, 2025

Laid in Rajya Sabha on 31 July, 2025



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 2025/ Sravana, 1947 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON FINANCE (2024-25)

Shri Bhartruhari Mahtab - Chairperson

MEMBERS

LOK SABHA

2. Shri Arun Bharti
3. Shri P. P. Chaudhary
4. Shri Lavu Sri Krishna Devarayalu
5. Shri Gaurav Gogoi
6. Shri K. Gopinath
7. Shri Suresh Kumar Kashyap
8. Shri Kishori Lal
9. Shri Harendra Singh Malik
10. Shri Chudasama Rajeshbhai Naranbhai
11. Thiru Arun Nehru
12. Shri N. K. Premachandran
13. Dr. C. M. Ramesh
14. Smt. Sandhya Ray
15. Prof. Sougata Ray
16. Shri P. V. Midhun Reddy
17. Dr. Jayanta Kumar Roy
18. Dr. K. Sudhakar
19. Shri Manish Tewari
20. Shri Balashowry Vallabhaneni
21. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

22. Shri P. Chidambaram
23. Shri Milind Murli Deora
24. Dr. Ashok Kumar Mittal
25. Shri Yerram Venkata Subba Reddy
26. Shri S. Selvaganabathy
27. Shri Sanjay Seth
28. Dr. Dinesh Sharma
29. Smt. Darshana Singh
30. Dr. M. Thambidurai
31. Shri Pramod Tiwari

SECRETARIAT

- | | |
|-----------------------------|-------------------|
| 1. Shri Gaurav Goyal | Joint Secretary |
| 2. Shri Vinay Pradeep Barwa | Director |
| 3. Shri T. Mathivanan | Deputy Secretary |
| 4. Shri Manish Kumar | Committee Officer |

INTRODUCTION

I, the Chairperson, of the Standing Committee on Finance, having been authorised by the Committee, present this Fifteenth Report on action taken by the Government on the Observations / Recommendations contained in the Second Report of the Committee (Eighteenth Lok Sabha) on Demands for Grants (2024-25) of the Ministry of Finance (Department Revenue).

2. The Second Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 06 December, 2024. The Action Taken Notes on the Observations/Recommendations were received from the Ministry of Finance (Department Revenue) on 3 March, 2025.

3. The Committee considered and adopted this Report at their sitting held on 29 July 2025.

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

5. For facility of reference, the Observations / Recommendations of the Committee have been printed in bold in the body of the Report.

6. The Committee would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

**New Delhi;
29 July, 2025
07 Sravana, 1947 (Saka)**

**BHARTRUHARI MAHTAB
Chairperson
Standing Committee on Finance**

REPORT

CHAPTER-I

This Report of the Standing Committee on Finance deals with the action taken by the Government on the Observations/Recommendations contained in the Second Report (Eighteenth Lok Sabha) Demands for Grants (2024-25) of the Ministry of Finance (Department of Revenue) which was presented to Lok Sabha and laid in Rajya Sabha on 6th December, 2024. The Report contained 10 Observations/Recommendations.

1.2 Action taken replies in respect of all the 10 Observations/ Recommendations contained in the Report were received from the Ministry of Finance (Department of Revenue) on 3rd March, 2025. The replies have been analyzed and categorized as follows:

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

Recommendation No. 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 | Total -10
(Chapter- II) |
| (ii) | Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies:

Recommendation No. | Total - Nil
(Chapter- III) |
| (iii) | Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee:

Recommendation No. | Total - Nil
(Chapter -IV) |
| (iv) | Observations/Recommendations in respect of which final replies by the Government are still awaited:

Recommendation No. | Total - Nil
(Chapter- V) |

1.3 The Committee desire that action taken statement on the Observations/Recommendations contained in Chapter-I of this Report may be furnished to the Committee within three months of its presentation.

1.4 The Committee will now deal with action taken by the Government on some of their Observations/Recommendations that require reiteration or merit comments.

Recommendation No. 4

Tax Collection

GST Evasion and Fraud

1.5 The Committee, in their Report, had observed/ recommended as under:

“The Committee note that GST evasion as well as fraudulent Input Tax Credit (ITC) cases are on the rise. There were 12,574 GST evasion cases in 2021-22, which increased to 20,582 in 2023-24. Similarly, fraudulent ITC cases rose from 5,966 in 2021-22 to 9,190 in 2023-24. During the study visit of the Committee to Chennai and Mumbai, in Nov.2024, it emerged that fraudulent ITC cases are a significant challenge in GST, requiring urgent attention to curb it. This issue involves claiming ITC on the basis of fake invoices without actual supply of goods or services, leading to substantial revenue losses for the Government and distorting the tax system. The Committee understand that several steps, such as physical verification of suspicious taxpayers and the use of biometrics for GST registration, are being taken to address this issue. The Committee welcome these measures and believe they are steps in the right direction. However, they also desire that utmost efforts be made to ensure that genuine taxpayers, especially small vendors, do not face undue hardship. Additionally, it is important to emphasize that efforts should be made to raise awareness about various GST provisions in easy-to-understand language, ultimately resulting in better compliance and a hassle-free GST registration process.”

1.6 In their Action Taken Reply the Ministry of Finance (Department of Revenue) have submitted as follows:

“Government has taken several major steps to streamline the process of registration (which is the beginning point of fake invoice racket) under GST and to curb the menace of the fake invoicing and passing on fake ITC. Few such steps are:

a. Measures to streamline registration process to prevent registration of fake entities:

- i. Insertion of sub-rule (4A) in rule 8 of CGST Rules, 2017 to provide for risk based biometric-based Aadhaar authentication of registration applicants who appear to be risky based on data analytics.
- ii. Making provision for Geo-coding the address of the principal place of business of the registrants. {The functionality has been made active by GSTN}.

- iii. Cleaning up the taxpayer base by strengthening verification of business entities through Aadhaar authentication for new registrations and physical verification of business premises, where Aadhaar is not authenticated.
- iv. Amendment in CGST Rules, 2017 to provide for physical verification in high-risk cases, even when Aadhaar has been authenticated.
- v. Provision for OTP based verification of PAN at time of registration on the mobile and email address linked with PAN to prevent GST registration using PAN of other persons, without their knowledge.
- vi. Detailed guidelines have been issued for processing of application for registration vide Instruction No. 03/2023-GST dated 14.06.2023 to tackle the menace of fake/bogus registrations.

Strengthening of provisions for furnishing details of bank account of the registrant e.g. it should be in the name of the registered person and obtained on his Permanent Account Number (PAN) and also linked with Aadhaar in case of proprietorship firm. Time limit of 30 days is being provided for furnishing of valid bank account details. In case of non-adherence to this requirement, system-based suspension of the registration has been provided.

B. Other Legal / Procedural measures:

- i. Beneficiary (master mind), who retains benefit or at whose instance a supply has been made without the issuance of an invoice, or invoice has been issued without supply, or excess ITC has been availed/distributed, has been made liable for penalty similar to that of actual supplier/recipient.
- ii. Aadhar authentication made mandatory for filing application for refunds under GST and to track refund proceeds, refund to be given in only those bank accounts which are in name and on PAN of the applicant.
- iii. Centralized suspension of registrations pertaining to registered persons who default in timely filing of returns.
- iv. With effect from 01.01.2022, restricting a ailment of Input tax credit to such invoices or debit notes which have been furnished by the supplier in the statement of outward supplies (Form GSTR-1) and details of which have been communicated to the registered person in auto-populated FORM GSTR-2B.
- v. With effect from 01.01.2022, restriction on a registered person for filing GSTR-1 (the details of outward supplies) in case return in Form GSTR-3B has not been furnished for the preceding tax period. This prevents transmission of credit to the recipient if the tax has not been paid by the supplier.
- vi. Filing of Form GSTR-I is made mandatory before filing of Form GSTR-3B for a tax period w.e.f. 01.10.2022 and has been made mandatorily sequential w.e.f. 01.10.2022.
- vii. E-way bill has been integrated and tracking with RFID has been introduced to provide access to real time data of vehicle movements.
- viii. Provision has been made for blocking the generation of e-way bills by non-compliant taxpayers. *[Rule 138E]*
- ix. E-invoicing in respect of B2B supply of goods or services or both to a registered person has been made mandatory with effect from 1st October, 2020. Initial aggregate turnover limit of Rs. 500 Crore being reduced to Rs. 5 Crore w.e.f. 01.08.2023. Data from e-invoice is being

auto populated in Form GSTR-1 of the taxpayer, preventing instances of non-reporting.

- x. Restrictions on utilisation of ITC in cases where the proper officer has reasons to believe that such credit has been availed fraudulently. This is to prevent further passing on the credit down the stream. *[Rule 86A]*
- xi. Input tax credit can only be availed by a registered person in respect of such invoices or debit notes which have been furnished by the supplier in the statement of outward supplies in FORM GSTR-1 and details of which have been communicated to the registered person in FORM GSTR-2B.
- xii. Rule 8 of CGST Rules, 2017 has been amended to provide for OTP based verification of PAN at time of registration on the mobile and email address linked with PAN. This will help in preventing GST registration using PAN of other persons, without their knowledge. *[Notification No. 26/2022-CT dated 26.12.2022.]*
- xiii. A registered person is not allowed to furnish the details of outward supplies under section 37 in FORM GSTR-I, if he has not furnished the return in FORM GSTR-3B for the preceding tax period.

C. Extensive Use of technology:

- i. Project Anveshan-The Directorate General of Analytics and Risk Management (DGARM) generates various reports to assist field formations in identifying anomalies in taxpayer behaviour, such as potential tax evasion, fraudulent registration, and unusual e-way bill activity, among others. In order to safeguard the revenue and nabbing the evaders, "project Anveshan" has been initiated wherein Analytics, Verification, Shortlisting of Anomalies has deployed newer techniques with the objective of early identification of GSTINs with propensity for fake/ fraudulent activity which get shared with DGGI or field formations as pin-pointed actionable intelligence for investigations.
- ii. Facial Recognition System (FRS) is used to detect anomalies in digital information provided during registration, such as different photos on registrations with same PAN or having same photos across registrations on different PANs.
- iii. Analysis of EWB data in the time window between registration and kicking in of returns cycle identifies new risky registrations on the basis of skewed inward to outward supply ratio in e-way bill data. Identified GSTINs new registrants with propensity to generate fake ITC based on EWB have been forwarded for further verification and action.
- iv. Artificial intelligence (AI) tools such as NETRA (Networking Exploration Tools for Revenue Argumentation), GAIN (GST Analytics and Intelligence Network) & ADVAIT (Advanced Analytics in Indirect Taxation) based on network analysis have been implemented to identify risky taxpayers and the entire supply chain. It aims at targeting fake and fraudulent ITC by analysing ITC chains of new registrants with high amount of ITC claimed within a short time frame. Further, ITC of the ultimate beneficiary which appears to have flowed from ITC chains of fake ITC initiator firms without corresponding inward receipts or from circular transactions is also quantified.
- v. GST registration applications, filed on GST portal, are now being assigned risk rating by system based on various risk parameters, so that

detailed verification can be conducted by the tax officers while processing such registration applications.

- vi. With the use of data analytics and AI based tools, Red Flag reports are being generated by GSTN as well as Directorate General of Analysis and Risk Management (DGARM), CBIC in respect of defaulting taxpayers and risky taxpayers with deviant behaviour in form of discrepancies between returns and other database, like GSTR-1 and GSTR-3B, GSTR3B and GSTR 2B, GSTR 3B and e-way bills etc, which are being shared with the tax officers for verification on regular basis. Action on these Red Flag reports by field formation has resulted in considerable detection and recovery, and has led to improving overall compliance by the taxpayers.
- vii. Electronic invoicing has been made mandatory for all B2B transactions for businesses with turnover exceeding Rs. 5 crores.

With Respect to hardship for the genuine taxpayer: -

It is mentioned that the Government recognizes the importance of safeguarding the interests of honest and small taxpayers and has undertaken a series of targeted measures to filter out the fake taxpayer so that the genuine taxpayers do not face undue hardship due to investigations/enquiries undertaken against such fake taxpayers. Such measures are broadly categorized as :

(i) Risk Rating of Registration Applications:

To ensure that fraudulent elements are prevented from entering into GST system, registration process has been strengthened by use of data analytics and artificial intelligence to identify risky applicants so that their detailed verification, including physical verification can be conducted by the field officers before taking a decision on their application for registration.

(ii) Special All-India Drive against fake registrations.

From time to time, Special drives against fake registrations have been launched, involving Central and State GST formations, to weed out fake registrants and to take further remedial action to weed out these fake billers from the GST eco-system and to safeguard Government revenue and to protect genuine taxpayers from hardship.

In this regard, a special All-India drive was launched by all Central and State Tax administrations during the period from 16th May 2023 to 14th August 2023 for verification and detection of suspicious/ fake registrations and for taking timely remedial action to prevent any further revenue loss to the Government. A second Special All-India Drive was launched by Central and all State Tax administrations from 16th August 2024 to 30th October 2024 also in this regard.

Regular instructions are issued to tax officers to ensure that CGST field formations conduct investigations in a manner that strikes a balance between effective GST enforcement and fostering a business-friendly environment. Investigations are conducted only in high-risk cases, based on rigorous data analytics and specific risk indicators, to ensure that genuine and honest taxpayers, including small businesses, are not subjected to undue hardship.”

1.7 The Committee note the extensive and holistic efforts undertaken by the Ministry to confront the burgeoning instances of GST evasion and fraudulent Input Tax Credit (ITC) claims. The Committee are of the opinion that the implementation of measures such as risk-based biometric Aadhaar authentication, geo-coding of business addresses, PAN-linked OTP verification, and mandatory e-invoicing is a decisive stride towards fortifying the GST registration framework and curbing fake invoicing practices sparing the genuine and honest taxpayers including small businesses from being subject to undue hardship. Furthermore, the deployment of cutting-edge technologies such as Artificial Intelligence, Facial Recognition Systems, and projects like *Anveshan*, *NETRA* (Networking Exploration Tools for Revenue Argumentation), *GAIN* (GST Analytics and Intelligence Network), and *ADVAIT* (Advanced Analytics in Indirect Taxation) exemplifies a forward-looking approach to leveraging data analytics for the timely discernment and proactive mitigation of suspicious activities. While acknowledging significance of these initiatives, the Committee concurrently underscore the importance of developing measurable indicators to comprehensively gauge their long-time efficacy. This would help identify gaps, if any, and guide the Ministry in further refining and manoeuvring its enforcement and compliance strategies. The Committee, therefore, desire to be apprised of the positive effects of these steps at the time of submission of Action Taken Statement.

Recommendation No. 7

Broadening of Tax Base

1.8 The Committee, in their Report, had observed/ recommended as under:

“The Committee note that the Tax-to-GDP ratio of our country has been increasing in recent years, particularly with regard to Direct Taxes, which has grown from 5.2% in 2020-21 to 6.5% in 2023-24, the highest level in the past 15 years. During the same period, the Indirect Tax to GDP ratio also increased from 4.7% to 5.2%. The Committee further note that the Tax-to-GDP ratio varies according to the level of development of a nation. While high-income countries have a higher Tax-to-GDP ratio, the same would not be applicable to middle-income and low-middle-income countries. Our country aspires to become a developed nation by 2047. This would mean graduating from a low-middle-income to a high-income or middle-high-income country in the next 25 years or so. As the Department has stated, in the next 25 years, India’s direct

tax-to-GDP ratio should double itself and reach approximately 12%. The Committee, however, are of the opinion that while the Government has implemented several commendable measures to enhance tax compliance and reduce evasion, a significant portion of the economy remains untaxed. Therefore, they desire that, to achieve the envisaged target of 12%, the government should focus more on broadening the tax base and including those who are still outside the tax net before resorting to deepening the tax base. The Committee believes that raising awareness and education about the importance of tax compliance, the benefits of a broader tax base, and simplifying tax laws to make compliance easier for individuals and businesses can go a long way in broadening the tax base. The Committee are also strongly in favor of leveraging technology to streamline tax administration, reduce compliance costs, and enhance transparency.”

1.9 In their Action Taken Reply the Ministry of (Department of Revenue) have submitted as follows:

CBDT

CBDT is undertaking various initiatives and activities to enhance taxpayer awareness, educate the public about income tax-related matters, and emphasize the importance of taxes. These efforts aim to simplify tax compliance and improve voluntary participation among taxpayers. The following is a summary of actions taken:

(i) Publicity Campaigns across Media Platforms

To disseminate critical information related to filing Income Tax Returns (ITRs), statutory timelines, and compliance, the Directorate conduct extensive publicity campaigns via television, radio, print, and digital media. Campaigns are conducted for filing of ITRs, advance tax due dates, TDS compliance, updated returns, and more. These campaigns are tailored in Hindi and 10 regional languages to ensure widespread outreach.

(ii) Social Media Engagement

CBDT actively uses social media platforms such as Facebook, Instagram, YouTube, and LinkedIn to create awareness among the taxpayer. Monthly quizzes, meme-based campaigns, and video content like the “Samvaad Sessions” are strategically posted to engage taxpayers. The innovative and interactive content garnered significant public attention, resulting in a notable increase in the department’s social media followers by 14-33% across platforms.

(iii) Samvaad Sessions

Interactive chat sessions, “Samvaad” featuring senior officers addressing crucial topics, such as faceless assessment, e-verification, and charitable trust provisions are recorded and made available on YouTube and Instagram, received widespread appreciation and high viewership.

(iv) Taxpayer Hubs

Taxpayer Hubs were established in seven cities across India, offering comprehensive assistance to taxpayers through kiosks, interactive brochures, educational activities, and grievance redressal systems. These hubs aimed to simplify tax compliance and educate taxpayers about the role of taxes in nation-building.

(v) Outreach via Trade Fairs and Events

CBDT has set up Taxpayer Lounges at events like the East Himalayan Trade Fair (EHTF) and the India International Trade Fair (IITF). These pavilions provided taxpayers with educational resources, interactive activities, and grievance handling services. The lounges received accolades, including a gold medal for excellence in display.

(vi) Board Games and Educational Tools for Future Taxpayers

As part of the “Azadi Ka Amrit Mahotsav” CBDT has developed and distributed board games like “Snakes, Ladders and Taxes,” “Building India,” and a 3D puzzle game. These tools are designed to educate schoolchildren on the importance of paying taxes and their role in national development.

(vii) Collaboration with ICAI for Tax Clinics

CBDT has supported the Institute of Chartered Accountants of India (ICAI) in organizing “Tax Clinics” to resolve taxpayer queries on ITR filing. This included providing educational materials, brochures, and other resources.

(viii) Digital Publications and Educational Content

CBDT has updated and published various brochures, comic books, and e-books such as the “Direct Tax Glossary” and digital calendars themed on “Taxes in Ancient India.” These publications aimed to simplify complex tax terms and educate taxpayers in an engaging manner.

(ix) Awareness Campaigns on Specific Tax Provisions

Dedicated campaigns were conducted to inform taxpayers about updates in tax provisions, including charitable trusts, donor eligibility under Section 80G, and audit report filing deadlines. These campaigns were publicized through social media and print media to reach a broader audience.

(x) Innovative Projects and Media Campaigns

CBDT has initiated projects such as hosting of quiz on the MyGov website.

(xi) Public Relation Efforts

Public relations initiatives included publishing updated brochures, comic books, and planners. For example, 4000 comic books on eight tax-related topics were distributed, and the “Direct Taxes Glossary” was applauded for its utility in simplifying technical tax terminologies.

(xii) Data Collection and Application Development

CBDT has compiled data of the Aayakar Kutumb App, ensuring comprehensive information for taxpayers regarding departmental services,

officers, and regions. This app enhances accessibility and facilitates taxpayer interaction with the department.

Various measures are being undertaken vide amendments to the Income-tax Act, 1961 on broadening the tax base.

It is stated that tax reforms is an ongoing process. Hence, the recommendation of the Committee is noted for future course of action.

CBIC

The Government has taken following steps/ measures for the broadening of the tax base and to simplify the tax compliance (especially for individuals and MSMEs): -

i. MSMEs, engaged in the supply of goods, are exempted from taking GST registration upto a turnover of Rs. 40 lakhs (other than some special category States where the exemption from registration is upto turnover of Rs. 20 lakhs). MSMEs engaged in the supply of services are exempted from GST registration if their turnover is less than Rs. 20 lakhs. This ensures that no GST compliance is required by such small units below the above threshold turnover and no GST is required to be paid by such units upto the said threshold turnover.

ii. To ease the compliance burden on small tax payers, an optional composition scheme has been introduced in GST where taxpayers engaged in supply of goods with turnover below Rs. 1.5 crore can pay tax on lumpsum basis at the rate of 1% of their turnover on quarterly basis instead of, charging tax in each invoice. Such taxpayers under composition scheme are required to file a return on annual basis, thus reducing their compliance burden substantially. In the case of services, the threshold turnover for availing benefit of composition scheme has been fixed at Rs. 50 lakhs.

iii. Small taxpayers having an annual turnover less than Rs. 5 crore have also been given an option to file their GST returns on quarterly basis, under the Quarterly Returns Monthly Payment (QRMP) scheme where number of returns for such small units has been substantially reduced.

iv. Small taxpayers having turnover less than Rs. 2 crore have been exempted from filing annual returns under GST thus reducing their compliance burden.

v. Unregistered suppliers and composition taxpayers have been permitted to make intra-state supply of goods through E-Commerce Operators (ECOs). This has opened the huge e-commerce market for them to sell their goods without taking registration under GST and without payment of any tax upto threshold turnover of registration.

vi. Various technological initiatives have been taken for simplification of GST compliances for small taxpayers such as facility of filing of Nil returns through SMS, auto population of GST returns on the GST portal and facility of making GST payment through UPI, debit cards, credit cards, IMPS, RTGS etc.

vii. For helping smaller taxpayers and to provide them relief, various amnesty schemes have been introduced from time to time in respect of extension in date of return filing, waiver/ reduction of late fee and interest, extension of time of filing of appeals with appellate authority, extension of time for filing application for revocation of cancellation of registration, etc.

viii. To incentivize timely payment by buyers to MSMEs, especially when supplies are made to large businesses, provisions of GST already provide that a registered person must pay to the supplier, the value of the goods and/or services along with the tax within 180 days from the date of issue of invoice.

ix. GSTN system has been integrated with RBI Public Tech Platform for frictionless Credit which has helped small taxpayers in easier access to bank loans based on their GST registration.

x. Considering the difficulties faced by the taxpayers during the initial years of implementation of GST, it has been decided to conditionally waive interest and penalty in respect of demand notices issued in cases where fraud, suppression, etc. are not involved, for the financial years 2017-18, 2018-19 and 2019-20 by introduction of section 128A of the CGST Act, 2017, subject to payment of the tax dues upto a specified date. This measure will benefit a large number of taxpayers, especially smaller taxpayers, and will help them to settle their demand cases with payment of due tax liability for these initial years.

xi. To reduce government litigation, monetary limits have been fixed below which appeals will not be filed by the department before the GST Appellate Tribunal, High Court, and Supreme Court, subject to certain exclusions.

xii. It has also been decided to reduce the amount of pre-deposit for filing of appeals under GST to ease cash flow and working capital blockage for the taxpayers.

xiii. Department is also using data analytics, third party data sources and information technology system-based tools to identify potential taxpayers who remain outside the tax framework, thereby making efforts to broaden the tax base.

xiv. Besides, the Government undertakes extensive campaigns across various media platforms, including social media, to raise awareness about the benefits of tax compliance and to broaden the tax base and to include those who are still outside the tax net.”

1.10 The Committee unequivocally affirm that broadening the tax base is pivotal for achieving sustained economic growth and realizing the ambitious vision of Vikshit Bharat by 2047. The Committee commend the Ministry’s multifaceted initiatives, designed to enhance fiscal literacy, simplify compliance, and encourage voluntary participation through creative and inclusive outreach

efforts. However, the sustained expansion of the revenue base especially those still outside the tax net into compliance, remains a critical imperative for robust public finance and national development. The Committee, therefore, emphatically urge the Ministry to undertake a rigorous, perpetual and granular assessment of current strategies. This ongoing scrutiny is essential for implementing corrective measures, thereby cultivating a more expansive, resilient, and equitable tax ecosystem, which is paramount for achieving national prosperity.

Recommendation No. 8

Dispute Resolution

1.11 The Committee, in their Report, had observed/ recommended as under:

“The Committee note with concern that the number of appeals pending at various fora in respect of Direct Taxes is increasing year after year despite various measures taken by the Department in this regard. The total number of appeals pending was 51,567 in 2021-22, which increased to 58,645 in 2022-23 and to 64,311 in 2023-24. Similarly, the amount disputed in 2021-22 was Rs. 6,64,067.86 crore, which rose to Rs. 7,18,030.94 crore in 2022-23 and surged by 198% to Rs. 14,21,130.27 crore in 2023-24. The amount involved at the Income Tax Appellate Authority, which was Rs. 2,89,564.76 crore in 2022-23, almost tripled to Rs. 8,56,576.01 crore in 2023-24. Likewise, in the case of Indirect Taxes, the number of cases increased from 113,508 in 2021-22 to 126,615 in 2023-24, and the amount involved more than doubled from Rs. 3,67,249.78 crore to Rs. 7,40,665.05 crore during the same period. The Committee also note with concern the slow pace of disposal of cases related to the Prevention of Money Laundering Act (PMLA), as since its inception, only 45 cases have been disposed of so far.

Considering this data, it seems that the various measures taken by the Government to reduce tax litigation have not yielded the desired results so far. While the introduction of measures such as the *Vivad se Vishwas* Scheme, the establishment of the National Faceless Assessment Centre, and the adoption of technology-driven solutions have been commendable, there remains a critical need to address the backlog and complexities in tax dispute resolution. The Committee feel that it is imperative to further enhance the focus on tax dispute redressal mechanisms and take additional measures in this regard. The Committee observe that no assessment of the best practices by different countries for mitigating tax dispute burdens has been undertaken by CBDT. The Committee, therefore, recommend that for formulating alternative or additional measures, there should be a study and examination of the best practices followed by different countries for mitigating the tax dispute burden, for their impact, usefulness, and adoptability, particularly in the Indian context. This would be beneficial in reducing disputes and fostering a more cooperative relationship between taxpayers and tax authorities. Implementing these best practices can lead to faster resolution of disputes, reduced litigation costs, and improved taxpayer confidence in the system. The

Committee believe that aligning with global standards can also make our country a more attractive destination for foreign investment with predictable and efficient tax regimes.”

1.12 In their Action Taken Reply the Ministry of Finance (Department of Revenue) have submitted as follows:

“(1) The CBDT has revised monetary limits for filing appeals/SLPs in various courts and ITAT through the Circulars mentioned in Column 4. The monetary limit of tax effect for filing SLPs in Supreme Court has been increased from Rs. 1 crore to Rs. 2 crores by CBDT Circular No. 05/2024 dated 15.03.2024. This was subsequently increased to Rs. 5 crores through Circular No. 09/2024 dated 17.09.2024. As a result of these two Circulars, a total of 601 SLPs (total revenue involved Rs. 63.36 Crore) were dismissed by the Hon’ble Supreme Court. The upward revision of monetary limits of tax effect for filing of SLPs/Appeals has also considerably reduced the number of cases, where the appeal/SLP is required to be filed in Courts/ITAT.

(2) Efforts are made to get SLPs bunched so that there is a quick disposal.

(3) Effective monitoring of pending SLPs is done.

(4) No SLP is filed in cases/issues which have been decided finally by Supreme Court.

Further, CBDT has noted the recommendations of the committee regarding study and examination of the best practices followed by different countries for mitigating the tax dispute burden, for their impact, usefulness and adoptability, particularly in the Indian context.”

1.13 The Committee appreciate that the CBDT has taken cognizance of their recommendation regarding the study and examination of international best practices for mitigating tax dispute burdens. Nevertheless, the Committee, note with concern that a demonstrable lack of substantive progress has been observed in this regard. The Committee unequivocally reaffirm their conviction that identifying efficacious global paradigms and assessing their congruence within the Indian context is pivotal to fortifying and significantly enhancing the efficacy of the existing tax dispute resolution framework. The Committee, therefore, emphasize that this exercise should be taken up expeditiously, with clear timelines. The Committee desire that any developments in this regard, including the establishment of any study group, be communicated to the Committee at the time of submission of Action Taken Statement.

Recommendation No.10

Vacancies

1.14 The Committee, in their Report, had observed/ recommended as under:

“The Committee note that there are considerable numbers of vacancies in both CBDT and CBIC. In some posts, there are 100% vacancies. Even for the crucial post of Inspector of Central Excise, there are 7,744 vacancies. Such vacancies may be hampering the smooth functioning of the organizations and providing optimum services to the taxpayers. The Committee believe that filling these vacancies promptly is essential to maintain the efficiency and effectiveness of our tax administration, ensuring it can meet its revenue targets and support the country's economic growth. The Department has attributed these vacancies to candidates leaving the department once they get better opportunities elsewhere. Nonetheless, the Committee feel that having such vacancies is not in the best interest of the Government or the taxpayers. Therefore, they recommend that the Department urgently take up this matter with the concerned authorities to recruit an adequate number of candidates.”

1.15 In their Action Taken Reply the Ministry of Finance (Department of Revenue) have submitted as follows:

“CBDT

Recruitment in Group A

The CBDT recruits IRS(IT) Group ‘A’ officers at entry level i.e. ACIT as per the ‘Indian Revenue Service Rules 2015’ through fifty percent by direct recruitment on the basis of the results of the examination and remaining fifty percent by promotion of ITOs on the basis of selection. Steps to fill vacancies are taken in time. Recruitments are made through Civil Services Examination, conducted by UPSC and allocation made by DoP&T. The vacancies reported and filled since CSE 2019 year till 31st January, 2025 in respect of IRS(IT) Group ‘A’ posts are as under:

Year of CSE	Vacancy reported to DoPT	Vacancies filled
2019	75 (incl. backlog)	66
2020	74 (incl. backlog)	69
2021	59 (incl. backlog)	56
2022	131	123
2023	192 (incl. backlog)	181
2024	180	Dossiers awaited from DoP&T.

Direct Recruitment Quota Vacancies in Group B and C:

The following no. of Direct Recruitment (Group B & C cadre) vacancies have been reported to Staff Selection Commission (SSC) for Examination Year 2024-25:

ITI- 411

TA- 2256

Steno Gr. II- 283

MTS- 2923

Results are expected to be declared by SSC in Feb/March, 2025.

Appointment letters to 3947 candidates in various cadres have been issued in Rozgar Melas conducted in Calendar year 2024.

The Pr. Chief Commissioners of Income Tax (CCA) concerned, being Cadre Controlling Authorities, are regularly convening meeting of Departmental Promotion Committee (DPCs) to fill-up the vacancies occurred against Promotion Quota from the available eligible officials as per Recruitment Rules of respective cadres. The names of all eligible officials as per Recruitment Rules of respective cadres are to be considered by the Departmental Promotion Committee (DPC) for promotion to higher grades. Consequent upon recommendations of panels by the DPCs for promotion to various cadres, the concerned office of the Principal Chief Commissioner of Income Tax (CCA) issues promotion order to fill-up the Promotion Quota Vacancies.

Remarks: Candidates in CBDT for various Group B & C posts are recruited through SSC. Vacancies as reported by Pr.CCIT (CCAs) are promptly communicated to recruiting agency i.e. SSC as and when requisitioned by it. There is high attrition rate due to candidates getting better job opportunity.

CBIC

The latest Group wise staff position of CBIC, available as per Half Yearly Brochure of CBIC (as on 01.07.2024) is provided as below:

Group of Post	Sanctioned Strength	Working Strength	Vacancy Position
Gr. A	6397	4777	1620
Gr. B	55040	38197	16843
Gr. C	30305	11909	18396
Total	91742	54883	36859

It is submitted that CBIC has taken sincere steps to overcome the shortage of staff by filling up the vacancies in Group A, B and C cadre. During year 2024, a total of 4653 officers in Gr. B and C cadre were recruited by way of Direct Recruitment (DR) through SSC and 418 officers were elevated by way of promotion from the feeder cadre. Further, 8912 DR vacancies in the Gr. B and C cadre of CBIC are also reported and proposed to SSC for which recruitment is under process.

Further, among the 8912 DR vacancies reported to SSC, 3184 vacancies are reported for recruitment in Inspector grade (viz. 145 vacancies for Examiner, 2699 vacancies for Inspector and 340 vacancies of Preventive Officer) to overcome the shortage of staff specifically in the Inspector grade in CBIC.”

1.16 The Committee acknowledge the various initiatives undertaken by both CBDT and CBIC to fill vacancies through Direct Recruitment and Departmental Promotions. However, the Committee note with concern that the scale of recruitment is still not commensurate with the overall number of vacant posts. For instance, in CBIC, against a total of 36,859 vacancies, only 4,653 officers were recruited in 2024 and 8,912 vacancies have been reported to SSC for future recruitment. This still leaves a substantial gap in sanctioned versus working strength, particularly at the crucial Inspector level which perpetuates a substantial impediment to the efficacy of field enforcement and seamless delivery of taxpayer services. The Committee emphasise that this entrenched paucity of human resources stands poised to undermine the operational efficiency and overall effectiveness of tax administration, thereby, delaying service delivery to taxpayers. The Committee, therefore, reiterate the need for a more structured manpower planning framework to ensure timely and adequate recruitment. They further advocate for the diligent exploration of employee retention strategies to mitigate attrition rates.

CHAPTER II
OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN
ACCEPTED BY THE GOVERNMENT

Recommendation (SI No. 1)

Budgetary Allocation

Demand No.35

In regard to Demand No. 35 pertaining to the Department of Revenue (HQ), the Committee, in their previous Report on the Demands for Grants, emphasized the need for expeditious work related to the setting up of the Goods and Services Appellate Tribunal (GSTAT). The Committee note that the Department of Revenue, in light of their recommendation, has notified the Constitution of State Benches of the Goods and Services Tax Appellate Tribunal via Notification No. S.O.4073 (E) dated 14.09.2023. Furthermore, the GST Council, in its 52nd Meeting held on 07.10.2023, recommended amendments to Section 110 of the Central Goods and Services Tax Act, 2017. Accordingly, the proposal for the introduction of the Central Goods and Services Tax (Second Amendment) Ordinance, 2023 has been sent to the Cabinet Secretariat. Additionally, the Goods and Services Tax Appellate Tribunal (Appointment and Conditions of Service of President and Members) Rules, 2023, has also been notified vide No. G.S.R. 793(E) dated 25.10.2023. The work related to the constitution of the Principal Bench and the appointment of the President of the Principal Bench is in progress. The Committee further noted that a budgetary provision of Rs. 233.1 crore has been made in BE 2024-25 for the establishment of the Principal and State Benches of GSTAT under Demand No. 35. While expressing satisfaction over the work done so far, the Committee recommend that all the remaining work related to GSTAT should be completed expeditiously so that GSTAT can become fully functional at the earliest.

Reply of the Government

The work related to the constitution of the Principal Bench and State Benches of Goods and Service Tax Appellate Tribunal (GSTAT) has been notified vide Notification No. S.O.3048(E) dated 31st July 2024.

The appointment of the President of the Principal Bench has been notified vide Notification No. 1/2024 (F. No. A-50050/99/2018-CESTAT-DOR-DOR) dated 20th May, 2024.

Appointment of Members is under process. Interviews have been conducted.

953 post of sub-ordinate staff has been created and appointment of the staff is under progress.

The Recruitment Rules (RR) of Group 'C' has been notified vide Notification No. G.S.R. 340(E) dated 21.06.2024 and Recruitment Rules (RR) of Group A & B is under process.

Jurisdiction of State Benches of Goods and Service Tax Appellate Tribunal (GSTAT) has been notified vide notification No. S.O. 5063 (E) dated 26th November 2024.

**[Ministry of Finance (Department of Revenue),
O.M. No. H-11015/6/2024-Parl. dated 03.03.2025]**

Recommendation (SI No. 2)

Demand No.36

The Committee, in regard to Demand No. 36 pertaining to the Direct Taxes, note that there are no Central Sector Schemes and Centrally Sponsored Schemes, and the entire budget is for salaries and administrative expenses pertaining to field offices of the Central Board of Direct Taxes (CBDT). The Budget Estimates for 2024-25 have been proposed at Rs. 10,340.38 crore, out of which Rs. 9,025.42 crore is under the Revenue Head and Rs. 1,314.96 crore is under the Capital Head. In the Revenue section, the expenditure towards 'Salaries' (including Rewards, Allowances, and LTC) has been estimated at Rs. 6,269.25 crore, which is 69.46% of the Revenue Grant of Rs. 9,025.42 crore and 60.63% of the total Grant of Rs. 10,340.38 crore. The Committee, while scrutinizing the previous years' financial performance in regard to Demand No. 36, have found that the utilization rate of the budgetary allocation has shown consistent improvement over the last three years. From 90.5% in 2021-22 and 94.1% in 2022-23 to 98.1% in 2023-24, the utilization has steadily improved. However, the Committee also find that at the stage of RE, budgetary estimations have been revised upward during the last two fiscal years; yet, the actual utilization remained below the initial Budgetary Estimates. In regard to savings in the revenue section, the Department has stated that one of the main reasons is that the Directorate of Expenditure Budget, as well as the Budget Controlling Authorities (BCAs) and the Sub-BCAs, did not have a proficient mechanism to monitor the requirement of funds or the expenditure incurred by the Drawing and Disbursing Officers (DDOs), which more often than not resulted in surplus allocation of funds in some cases or shortage of funds in other charges. Moreover, funds under the various heads were surrendered by some

BCAs at the last moment, so the funds could not be diverted to other BCAs. While appreciating the improvement in the utilization of budgetary allocation, the Committee desire that the trend of improvement in budgetary utilization should continue and that the budgetary forecasting and project execution mechanism, particularly for the capital section, should be further strengthened for accurate prediction of fund requirements and their optimum utilization.

Reply of the Government

The Directorate of Expenditure Budget, CBDT has digitized the Budget related data using the Google Spreadsheet, which was earlier maintained in the Physical registers. CBDT has also developed the software using Apps Script (Apps Script is a cloud-based JavaScript platform powered by Google drive that lets you integrate with and automate tasks across Google products) to automate the generation of draft allocation/withdrawal orders as well as the updation of the database in the Spreadsheet. Subsequently the similar spreadsheet were deployed to standardize and digitize the Budget related data of the Budget Controlling Authorities (BCAs)/SUB-BCAs and integrate them with the Spreadsheet maintained by the Directorate. Subsequently, the Department has devised the Spreadsheet in the specific format that DDOs use to enter the Object Head wise expenditure related data incurred by them and their Spreadsheet has been integrated with the Spreadsheet of respective BCAs/BCAs which facilitated the monitoring of the Expenditure and funds available with all the DDOs by the respective SUB BCA/BCA as well as the Directorate.

- (a) The Department further strengthened the mechanism using the Google Workspace Accounts and Spreadsheets.
- (b) The Department is regularly monitoring the expenditure of the various BCAs vis-à-vis the funds allocated to them in Capital head, so as to ensure optimum utilization of the grants and minimize large savings/surrender of the amount.
- (c) CBDT in consultation with the o/o Directorate of Income Tax (Infra) proposes to maintain the database if the Capital projects and the expenditure incurred on them, in the following format, and move the consolidated revalidation proposals directly in the April month of the F.Y. without waiting for the proposals from the field formations. This will ensure that the Revalidation process is completed early in the FY and funds can be allocated to the executing agencies in time.

S.No.	Particulars of the Project	Total estimated Cost	Actual expenditure incurred till the preceding year	Remaining amount to be revalidated

**[Ministry of Finance (Department of Revenue),
O.M. No. H-11015/6/2024-Parl. dated 03.03.2025]**

Recommendation (SI No. 3)

Demand No.37

The Committee note that Demand No. 37, pertaining to Indirect Taxes, is for establishment-related expenditure for the field offices of the Central Board of Indirect Taxes & Customs (CBIC) and provision for Central Sector Schemes such as Remission of Duties and Taxes on Exported Products (RoDTEP) and various other Scrips-Based Schemes. The Committee further note that the Budgetary Estimate for the year 2024-25 has been set at Rs. 41,098.48 crore, reflecting a 6.7% increase from the previous year's Budgetary Estimate (BE). The Committee also note that for 2023-24, the BE was set at Rs. 38,510.58 crore, which was reduced to Rs. 36,716.60 crore at Revised Estimate (RE), whereas the actual expenditure was Rs. 34,649.88 crore, representing 94.4% of the RE and 90% of the BE. The utilization rate against the RE for the years 2021-22 and 2022-23 was 76.8% and 92.6%, respectively. The Committee are pleased that the Department has sincerely worked on their recommendation and considerably improved their fund utilization. Nonetheless, the Committee believe there is still scope for further narrowing the gap and would like the Department to take further necessary measures in this regard.

Reply of the Government

Recommendations of the committee have been duly noted for compliance. CBIC will take all necessary steps to further narrow the gap between allocation and utilization of budget. The field formations are being sensitized about the importance of sending accurate estimates of funds to ensure optimum utilization of the budget allocated. Further, the expenditure incurred by the field formations is being monitored on monthly basis through e- lekha portal. CBIC has already developed Budget, Estimation, Allocation & Monitoring System (BEAMS) application which used for better

monitoring of expenditure vis-a-vis funds. A team of officers from Expenditure management Cell (EMC) are visiting the field formations and the offices handling sizeable Revenue/Capital Expenditure for realistic Budget forecasting and better utilization of funds, and to help BCAs use BEAMS application to make budget allocation more effective. Follow-up with CPWD shall also be done regarding utilization of funds transferred to them. CBIC is conducting regular webinars for educating field formations about optimum utilization of budget and addressing any other issues being faced by them.

**[Ministry of Finance (Department of Revenue),
O.M. No. H-11015/6/2024-Parl. dated 03.03.2025]**

Recommendation (SI No. 4)

Tax Collection

GST Evasion and Fraud

The Committee note that GST evasion as well as fraudulent Input Tax Credit (ITC) cases are on the rise. There were 12,574 GST evasion cases in 2021-22, which increased to 20,582 in 2023-24. Similarly, fraudulent ITC cases rose from 5,966 in 2021-22 to 9,190 in 2023-24. During the study visit of the Committee to Chennai and Mumbai, in Nov.2024, it emerged that fraudulent ITC cases are a significant challenge in GST, requiring urgent attention to curb it. This issue involves claiming ITC on the basis of fake invoices without actual supply of goods or services, leading to substantial revenue losses for the Government and distorting the tax system. The Committee understand that several steps, such as physical verification of suspicious taxpayers and the use of biometrics for GST registration, are being taken to address this issue. The Committee welcome these measures and believe they are steps in the right direction. However, they also desire that utmost efforts be made to ensure that genuine taxpayers, especially small vendors, do not face undue hardship. Additionally, it is important to emphasize that efforts should be made to raise awareness about various GST provisions in easy-to-understand language, ultimately resulting in better compliance and a hassle-free GST registration process.

Reply of the Government

Government has taken several major steps to streamline the process of registration (which is the beginning point of fake invoice racket) under GST and to curb the menace of the fake invoicing and passing on fake ITC. Few such steps are:

a. Measures to streamline registration process to prevent registration of fake entities:

- i. Insertion of sub-rule (4A) in rule 8 of CGST Rules, 2017 to provide for risk based biometric-based Aadhaar authentication of registration applicants who appear to be risky based on data analytics.
- ii. Making provision for Geo-coding the address of the principal place of business of the registrants. {The functionality has been made active by GSTN}.
- iii. Cleaning up the taxpayer base by strengthening verification of business entities through Aadhaar authentication for new registrations and physical verification of business premises, where Aadhaar is not authenticated.
- iv. Amendment in CGST Rules, 2017 to provide for physical verification in high-risk cases, even when Aadhaar has been authenticated.
- v. Provision for OTP based verification of PAN at time of registration on the mobile and email address linked with PAN to prevent GST registration using PAN of other persons, without their knowledge.
- vi. Detailed guidelines have been issued for processing of application for registration vide Instruction No. 03/2023-GST dated 14.06.2023 to tackle the menace of fake/bogus registrations.

Strengthening of provisions for furnishing details of bank account of the registrant e.g. it should be in the name of the registered person and obtained on his Permanent Account Number (PAN) and also linked with Aadhaar in case of proprietorship firm. Time limit of 30 days is being provided for furnishing of valid bank account details. In case of non-adherence to this requirement, system-based suspension of the registration has been provided.

B. Other Legal / Procedural measures:

- i. Beneficiary (master mind), who retains benefit or at whose instance a supply has been made without the issuance of an invoice, or invoice has been issued without supply, or excess ITC has been availed/distributed, has been made liable for penalty similar to that of actual supplier/recipient.
- ii. Aadhar authentication made mandatory for filing application for refunds under GST and to track refund proceeds, refund to be given in only those bank accounts which are in name and on PAN of the applicant.
- iii. Centralized suspension of registrations pertaining to registered persons who default in timely filing of returns.

- iv. With effect from 01.01.2022, restricting availment of Input tax credit to such invoices or debit notes which have been furnished by the supplier in the statement of outward supplies (Form GSTR-1) and details of which have been communicated to the registered person in auto-populated FORM GSTR-2B.
- v. With effect from 01.01.2022, restriction on a registered person for filing GSTR-1 (the details of outward supplies) in case return in Form GSTR-3B has not been furnished for the preceding tax period. This prevents transmission of credit to the recipient if the tax has not been paid by the supplier.
- vi. Filing of Form GSTR-I is made mandatory before filing of Form GSTR-3B for a tax period w.e.f. 01.10.2022 and has been made mandatorily sequential w.e.f. 01.10.2022.
- vii. E-way bill has been integrated and tracking with RFID has been introduced to provide access to real time data of vehicle movements.
- viii. Provision has been made for blocking the generation of e-way bills by non-compliant taxpayers. *[Rule 138E]*
- ix. E-invoicing in respect of B2B supply of goods or services or both to a registered person has been made mandatory with effect from 1st October, 2020. Initial aggregate turnover limit of Rs. 500 Crore being reduced to Rs. 5 Crore w.e.f. 01.08.2023. Data from e-invoice is being auto populated in Form GSTR-1 of the taxpayer, preventing instances of non-reporting.
- x. Restrictions on utilisation of ITC in cases where the proper officer has reasons to believe that such credit has been availed fraudulently. This is to prevent further passing on the credit down the stream. *[Rule 86A]*
- xi. Input tax credit can only be availed by a registered person in respect of such invoices or debit notes which have been furnished by the supplier in the statement of outward supplies in FORM GSTR-1 and details of which have been communicated to the registered person in FORM GSTR-2B.
- xii. Rule 8 of CGST Rules, 2017 has been amended to provide for OTP based verification of PAN at time of registration on the mobile and email address linked with PAN. This will help in preventing GST registration using PAN of other persons, without their knowledge. *[Notification No. 26/2022-CT dated 26.12.2022.]*
- xiii. A registered person is not allowed to furnish the details of outward supplies under section 37 in FORM GSTR-I, if he has not furnished the return in FORM GSTR-3B for the preceding tax period.

C. Extensive Use of technology:

- i. Project Anveshan-The Directorate General of Analytics and Risk Management (DGARM) generates various reports to assist field formations in identifying anomalies in taxpayer behaviour, such as potential tax evasion, fraudulent registration, and unusual e-way bill activity, among others. In order to safeguard the revenue and nabbing the evaders, "project Anveshan" has been initiated wherein Analytics, Verification, Shortlisting of Anomalies has deployed newer techniques with the objective of early identification of GSTINs with propensity for fake/ fraudulent activity which get shared with DGGI or field formations as pin-pointed actionable intelligence for investigations.
- ii. Facial Recognition System (FRS) is used to detect anomalies in digital information provided during registration, such as different photos on registrations with same PAN or having same photos across registrations on different PANs.
- iii. Analysis of EWB data in the time window between registration and kicking in of returns cycle identifies new risky registrations on the basis of skewed inward to outward supply ratio in e-way bill data. Identified GSTINs new registrants with propensity to generate fake ITC based on EWB have been forwarded for further verification and action.
- iv. Artificial intelligence (AI) tools such as NETRA (Networking Exploration Tools for Revenue Argumentation), GAIN (GST Analytics and Intelligence Network) & ADVAIT (Advanced Analytics in Indirect Taxation) based on network analysis have been implemented to identify risky taxpayers and the entire supply chain. It aims at targeting fake and fraudulent ITC by analysing ITC chains of new registrants with high amount of ITC claimed within a short time frame. Further, ITC of the ultimate beneficiary which appears to have flowed from ITC chains of fake ITC initiator firms without corresponding inward receipts or from circular transactions is also quantified.
- v. GST registration applications, filed on GST portal, are now being assigned risk rating by system based on various risk parameters, so that detailed verification can be conducted by the tax officers while processing such registration applications.
- vi. With the use of data analytics and AI based tools, Red Flag reports are being generated by GSTN as well as Directorate General of Analysis and Risk Management (DGARM), CBIC in respect of defaulting taxpayers and risky taxpayers with deviant behaviour in form of discrepancies between returns and

other database, like GSTR-1 and GSTR-3B, GSTR3B and GSTR 2B, GSTR 3B and e-way bills etc, which are being shared with the tax officers for verification on regular basis. Action on these Red Flag reports by field formation has resulted in considerable detection and recovery, and has led to improving overall compliance by the taxpayers.

- vii. Electronic invoicing has been made mandatory for all B2B transactions for businesses with turnover exceeding Rs. 5 crores.

With Respect to hardship for the genuine taxpayer: -

It is mentioned that the Government recognizes the importance of safeguarding the interests of honest and small taxpayers and has undertaken a series of targeted measures to filter out the fake taxpayer so that the genuine taxpayers do not face undue hardship due to investigations/ enquiries undertaken against such fake taxpayers. Such measures are broadly categorized as :

- (i) Risk Rating of Registration Applications:

To ensure that fraudulent elements are prevented from entering into GST system, registration process has been strengthened by use of data analytics and artificial intelligence to identify risky applicants so that their detailed verification, including physical verification can be conducted by the field officers before taking a decision on their application for registration.

- (ii) Special All-India Drive against fake registrations.

From time to time, Special drives against fake registrations have been launched, involving Central and State GST formations, to weed out fake registrants and to take further remedial action to weed out these fake billers from the GST eco-system and to safeguard Government revenue and to protect genuine taxpayers from hardship.

In this regard, a special All-India drive was launched by all Central and State Tax administrations during the period from 16th May 2023 to 14th August 2023 for verification and detection of suspicious/ fake registrations and for taking timely remedial action to prevent any further revenue loss to the Government. A second Special All-India Drive was launched by Central and all State Tax administrations from 16th August 2024 to 30th October 2024 also in this regard.

Regular instructions are issued to tax officers to ensure that CGST field formations conduct investigations in a manner that strikes a balance between effective GST enforcement and fostering a business-friendly environment. Investigations are conducted only in high-risk cases, based on rigorous data analytics and specific risk

indicators, to ensure that genuine and honest taxpayers, including small businesses, are not subjected to undue hardship.

[Ministry of Finance (Department of Revenue),
O.M. No. H-11015/6/2024-Parl. dated 03.03.2025]

(For Comments of the Committee, please refer Para No. 1.7 of Chapter I)

Recommendation (SI No. 5)

Campaign to nudge taxpayers

The Committee note that the Income Tax Department undertakes electronic campaigns through SMS and email to reach out to individuals with significant transactions reported against them in Form 61A (Statement of Financial Transaction), as mandated by the Act under the Non-Filer Monitoring System (NMS). Every year, before the deadline for filing revised returns, certain taxpayers who have not filed income tax returns but have entered into taxable transactions are contacted through the e-campaign as part of the Risk Management Strategy, nudging them to file their income tax returns. The Committee further note that out of the 68,45,662 taxpayers selected for the Campaign in 2021-22, 83,21,305 in 2022-23, and 44,75,956 in 2023-24, the number of taxpayers who filed their income tax returns were 7,20,592, 10,33,979, and 8,81,996 respectively. The Committee find that there is a considerable gap between the taxpayers selected for the Campaign and those who actually filed their tax returns. The Committee endorse this Campaign as a useful tool to increase tax compliance and desire that it be made more specific with the help of technology and data tracking to increase its conversion rate.

Reply of the Government

A campaign was undertaken in December, 2024 to nudge taxpayers to file revised or belated Income Tax Returns (ITRs) pertaining to Assessment Year (AY) 2024-25 before the due date of 31.12.2024. This campaign reached out to a far lesser number of taxpayers (470286) as compared to previous years, but the communications were far more specific, pointing out to the taxpayers as to what information is available with the Income Tax Department, what has been disclosed by taxpayer and the mismatch thereof. As a result of the campaign, 55,010 belated/revised ITRs have been filed by the taxpayers for AY 2024-25.

[Ministry of Finance (Department of Revenue),
O.M. No. H-11015/6/2024-Parl. dated 03.03.2025]

Recommendation (SI No. 6)

Tax Refunds and Tax Arrears

The Committee note that the average time taken for processing returns has reduced significantly from 38 days in 2020-21 to 10 days in 2023-24. The amount of refund has also increased from Rs. 1,92,085.05 crore to Rs. 3,87,816.08 crore. However, on the other hand, tax arrears are accumulating rapidly. In regard to CBDT, the cumulative tax arrears, which were Rs. 10,95,938.06 crore in 2019-20, stood at Rs. 42,29,640.82 crore in 2024-25 (up to 07.10.2024). In the case of CBIC, the arrear amount has risen from Rs. 3,02,157.23 crore in 2021-22 to Rs. 4,26,737.76 crore in 2023-24. The Committee also note that the CBDT has issued an Annual Central Action Plan for fiscal 2024-25, wherein time-bound targets for recovery of arrear demand have been fixed. The progress on the above action plan is actively monitored by CBDT. Concerted efforts continue to be made to reverse the trend of increasing arrear demand and to initiate the process of reducing the figure to more manageable levels. The Committee appreciate such efforts and desire that the outcome of such exercise should be shared with the Committee at the time of furnishing action taken notes. The Committee also find that no such action plan has been drawn in regard to CBIC. The Committee, therefore, recommend that CBIC should also prepare such an annual plan to recover arrear demand in a time-bound manner.

Reply of the Government

CBDT

Regarding Direct Taxes, CBDT has prepared an Annual Central Action Plan for F.Y. 2024-25 (CAP), wherein time bound targets for recovery of arrear demand have been fixed. The progress on above action plan is actively monitored by CBDT. In order to handle the task of resolution of the outstanding demands, a Demand Facilitation Centre (DFC) was set up in 2022. The DFC facilitates the Jurisdictional Assessing Officers (JAOs) to resolve outstanding demands by providing data pertaining to the quantum, category, reason for demand and also the way forward for its resolution, through issue of pending rectification and appeal giving effect orders.

Demand amounting to Rs. 11,71,890 Crore involving 3,51,632 cases has been reduced since the time of inception of DFC in July 2022. Out of the above cited demand of Rs. 11,71,890 Crore, demand of Rs. 11,56,098 Crore pertains to 29,726 cases, each having demand greater than Rs. 1 Crore.

CBIC

Regarding Indirect Taxes, with regard to the observation of the Committee, it is to inform that CBIC and its attached office DGPM is actively monitoring the collection of tax arrears. The following steps have been taken in this regard:

- (i) DGPM has fixed timebound targets for recovery of arrears on yearly basis and the same have been communicated to each of the 32 Zones after approval of the CBIC for proper monitoring and to achieve the targets fixed. The copy of annual targets fixed for the year 2024-25 in respect of each of the zones is attached herewith for kind perusal. Every month a consolidated report of the total recovery arrears realized w.r.t. Central Excise/ Service Tax/ Customs is prepared and sent to the Board.
- (ii) Zonal Pr. Chief Commissioners/ CCs have been asked to initiate concrete plans to reduce the pending arrears. Letters was issued to all Pr. CCs/ CCs in this regard.
- (iii) Besides, DGPM is also periodically monitoring month-wise pro-rata target achieved by individual zones.
- (iv) It is also informed that Certificate action under Section 142 of Customs Act, and Section 11 of Central Excise Act has been initiated by the Zones with the concerned District Authorities to recover the arrears. Further, all Zonal Chief Commissioner are taking appropriate measures to recover the pending arrears and making efforts to identify properties of defaulters not traceable / unit closed with the help from Directorate of Revenue Intelligence (DRI), Financial Intelligence Unit (FIU), and State administration etc.

**[Ministry of Finance (Department of Revenue),
O.M. No. H-11015/6/2024-Parl. dated 03.03.2025]**

Recommendation (SI No. 7)

Broadening of Tax Base

The Committee note that the Tax-to-GDP ratio of our country has been increasing in recent years, particularly with regard to Direct Taxes, which has grown from 5.2% in 2020-21 to 6.5% in 2023-24, the highest level in the past 15 years. During the same period, the Indirect Tax to GDP ratio also increased from 4.7% to 5.2%. The Committee further note that the Tax-to-GDP ratio varies according to the level of development of a nation. While high-income countries have a higher Tax-to-GDP ratio, the same would not be applicable to middle-income and low-middle-income countries.

Our country aspires to become a developed nation by 2047. This would mean graduating from a low-middle-income to a high-income or middle-high-income country in the next 25 years or so. As the Department has stated, in the next 25 years, India's direct tax-to-GDP ratio should double itself and reach approximately 12%. The Committee, however, are of the opinion that while the Government has implemented several commendable measures to enhance tax compliance and reduce evasion, a significant portion of the economy remains untaxed. Therefore, they desire that, to achieve the envisaged target of 12%, the government should focus more on broadening the tax base and including those who are still outside the tax net before resorting to deepening the tax base. The Committee believes that raising awareness and education about the importance of tax compliance, the benefits of a broader tax base, and simplifying tax laws to make compliance easier for individuals and businesses can go a long way in broadening the tax base. The Committee are also strongly in favor of leveraging technology to streamline tax administration, reduce compliance costs, and enhance transparency.

Reply of the Government

CBDT

CBDT is undertaking various initiatives and activities to enhance taxpayer awareness, educate the public about income tax-related matters, and emphasize the importance of taxes. These efforts aim to simplify tax compliance and improve voluntary participation among taxpayers. The following is a summary of actions taken:

(i) Publicity Campaigns across Media Platforms

To disseminate critical information related to filing Income Tax Returns (ITRs), statutory timelines, and compliance, the Directorate conduct extensive publicity campaigns via television, radio, print, and digital media. Campaigns are conducted for filing of ITRs, advance tax due dates, TDS compliance, updated returns, and more. These campaigns are tailored in Hindi and 10 regional languages to ensure widespread outreach.

(ii) Social Media Engagement

CBDT actively uses social media platforms such as Facebook, Instagram, YouTube, and LinkedIn to create awareness among the taxpayer. Monthly quizzes, meme-based campaigns, and video content like the “Samvaad Sessions” are strategically posted to engage taxpayers. The innovative and interactive content garnered significant public attention, resulting in a notable increase in the department’s social media followers by 14-33% across platforms.

(iii) Samvaad Sessions

Interactive chat sessions, “Samvaad” featuring senior officers addressing crucial topics, such as faceless assessment, e-verification, and charitable trust provisions are recorded and made available on YouTube and Instagram, received widespread appreciation and high viewership.

(iv) Taxpayer Hubs

Taxpayer Hubs were established in seven cities across India, offering comprehensive assistance to taxpayers through kiosks, interactive brochures, educational activities, and grievance redressal systems. These hubs aimed to simplify tax compliance and educate taxpayers about the role of taxes in nation-building.

(v) Outreach via Trade Fairs and Events

CBDT has set up Taxpayer Lounges at events like the East Himalayan Trade Fair (EHTF) and the India International Trade Fair (IITF). These pavilions provided taxpayers with educational resources, interactive activities, and grievance handling services. The lounges received accolades, including a gold medal for excellence in display.

(vi) Board Games and Educational Tools for Future Taxpayers

As part of the “Azadi Ka Amrit Mahotsav” CBDT has developed and distributed board games like “Snakes, Ladders and Taxes,” “Building India,” and a 3D puzzle game. These tools are designed to educate schoolchildren on the importance of paying taxes and their role in national development.

(vii) Collaboration with ICAI for Tax Clinics

CBDT has supported the Institute of Chartered Accountants of India (ICAI) in organizing “Tax Clinics” to resolve taxpayer queries on ITR filing. This included providing educational materials, brochures, and other resources.

(viii) Digital Publications and Educational Content

CBDT has updated and published various brochures, comic books, and e-books such as the “Direct Tax Glossary” and digital calendars themed on “Taxes in Ancient India.” These publications aimed to simplify complex tax terms and educate taxpayers in an engaging manner.

(ix) Awareness Campaigns on Specific Tax Provisions

Dedicated campaigns were conducted to inform taxpayers about updates in tax provisions, including charitable trusts, donor eligibility under Section 80G, and audit report filing deadlines. These campaigns were publicized through social media and print media to reach a broader audience.

(x) Innovative Projects and Media Campaigns

CBDT has initiated projects such as hosting of quiz on the MyGov website.

(xi) Public Relation Efforts

Public relations initiatives included publishing updated brochures, comic books, and planners. For example, 4000 comic books on eight tax-related topics were distributed, and the “Direct Taxes Glossary” was applauded for its utility in simplifying technical tax terminologies.

(xii) Data Collection and Application Development

CBDT has compiled data of the Aayakar Kutumb App, ensuring comprehensive information for taxpayers regarding departmental services, officers, and regions. This app enhances accessibility and facilitates taxpayer interaction with the department.

Various measures are being undertaken vide amendments to the Income-tax Act, 1961 on broadening the tax base.

It is stated that tax reforms is an ongoing process. Hence, the recommendation of the Committee is noted for future course of action.

CBIC

The Government has taken following steps/ measures for the broadening of the tax base and to simplify the tax compliance (especially for individuals and MSMEs): -

- i. MSMEs, engaged in the supply of goods, are exempted from taking GST registration upto a turnover of Rs. 40 lakhs (other than some special category States where the exemption from registration is upto turnover of Rs. 20 lakhs). MSMEs engaged in the supply of services are exempted from GST registration if their turnover is less than Rs. 20 lakhs. This ensures that no GST compliance is required by such small units below the above threshold turnover and no GST is required to be paid by such units upto the said threshold turnover.
- ii. To ease the compliance burden on small tax payers, an optional composition scheme has been introduced in GST where taxpayers engaged in supply of goods with turnover below Rs. 1.5 crore can pay tax on lumpsum basis at the rate of 1% of their turnover on quarterly basis instead of, charging tax in each invoice. Such taxpayers under composition scheme are required to file a return on annual basis, thus reducing their compliance burden substantially. In the case of services, the threshold turnover for availing benefit of composition scheme has been fixed at Rs. 50 lakhs.
- iii. Small taxpayers having an annual turnover less than Rs. 5 crore have also been given an option to file their GST returns on quarterly basis, under the Quarterly Returns Monthly Payment (QRMP) scheme where number of returns for such small units has been substantially reduced.
- iv. Small taxpayers having turnover less than Rs. 2 crore have been exempted from filing annual returns under GST thus reducing their compliance burden.
- v. Unregistered suppliers and composition taxpayers have been permitted to make intra-state supply of goods through E-Commerce Operators (ECOs). This has opened the huge e-commerce market for them to sell their goods without taking registration under GST and without payment of any tax upto threshold turnover of registration.

- vi. Various technological initiatives have been taken for simplification of GST compliances for small taxpayers such as facility of filing of Nil returns through SMS, auto population of GST returns on the GST portal and facility of making GST payment through UPI, debit cards, credit cards, IMPS, RTGS etc.
- vii. For helping smaller taxpayers and to provide them relief, various amnesty schemes have been introduced from time to time in respect of extension in date of return filing, waiver/ reduction of late fee and interest, extension of time of filing of appeals with appellate authority, extension of time for filing application for revocation of cancellation of registration, etc.
- viii. To incentivize timely payment by buyers to MSMEs, especially when supplies are made to large businesses, provisions of GST already provide that a registered person must pay to the supplier, the value of the goods and/or services along with the tax within 180 days from the date of issue of invoice.
- ix. GSTN system has been integrated with RBI Public Tech Platform for frictionless Credit which has helped small taxpayers in easier access to bank loans based on their GST registration.
- x. Considering the difficulties faced by the taxpayers during the initial years of implementation of GST, it has been decided to conditionally waive interest and penalty in respect of demand notices issued in cases where fraud, suppression, etc. are not involved, for the financial years 2017-18, 2018-19 and 2019-20 by introduction of section 128A of the CGST Act, 2017, subject to payment of the tax dues upto a specified date. This measure will benefit a large number of taxpayers, especially smaller taxpayers, and will help them to settle their demand cases with payment of due tax liability for these initial years.
- xi. To reduce government litigation, monetary limits have been fixed below which appeals will not be filed by the department before the GST Appellate Tribunal, High Court, and Supreme Court, subject to certain exclusions.
- xii. It has also been decided to reduce the amount of pre-deposit for filing of appeals under GST to ease cash flow and working capital blockage for the taxpayers.
- xiii. Department is also using data analytics, third party data sources and information technology system-based tools to identify potential taxpayers who remain outside the tax framework, thereby making efforts to broaden the tax base.
- xiv. Besides, the Government undertakes extensive campaigns across various media platforms, including social media, to raise awareness about the benefits

of tax compliance and to broaden the tax base and to include those who are still outside the tax net.

[Ministry of Finance (Department of Revenue),
O.M. No. H-11015/6/2024-Parl. dated 03.03.2025]

(For Comments of the Committee, please refer Para No. 1.10 of Chapter I)

Recommendation (SI No. 8)

Dispute Resolution

The Committee note with concern that the number of appeals pending at various fora in respect of Direct Taxes is increasing year after year despite various measures taken by the Department in this regard. The total number of appeals pending was 51,567 in 2021-22, which increased to 58,645 in 2022-23 and to 64,311 in 2023-24. Similarly, the amount disputed in 2021-22 was Rs. 6,64,067.86 crore, which rose to Rs. 7,18,030.94 crore in 2022-23 and surged by 198% to Rs. 14,21,130.27 crore in 2023-24. The amount involved at the Income Tax Appellate Authority, which was Rs. 2,89,564.76 crore in 2022-23, almost tripled to Rs. 8,56,576.01 crore in 2023-24. Likewise, in the case of Indirect Taxes, the number of cases increased from 113,508 in 2021-22 to 126,615 in 2023-24, and the amount involved more than doubled from Rs. 3,67,249.78 crore to Rs. 7,40,665.05 crore during the same period. The Committee also note with concern the slow pace of disposal of cases related to the Prevention of Money Laundering Act (PMLA), as since its inception, only 45 cases have been disposed of so far.

Considering this data, it seems that the various measures taken by the Government to reduce tax litigation have not yielded the desired results so far. While the introduction of measures such as the *Vivad se Vishwas* Scheme, the establishment of the National Faceless Assessment Centre, and the adoption of technology-driven solutions have been commendable, there remains a critical need to address the backlog and complexities in tax dispute resolution. The Committee feel that it is imperative to further enhance the focus on tax dispute redressal mechanisms and take additional measures in this regard. The Committee observe that no assessment of the best practices by different countries for mitigating tax dispute burdens has been undertaken by CBDT. The Committee, therefore, recommend that for formulating alternative or additional measures, there should be a study and examination of the best practices followed by

different countries for mitigating the tax dispute burden, for their impact, usefulness, and adoptability, particularly in the Indian context. This would be beneficial in reducing disputes and fostering a more cooperative relationship between taxpayers and tax authorities. Implementing these best practices can lead to faster resolution of disputes, reduced litigation costs, and improved taxpayer confidence in the system. The Committee believe that aligning with global standards can also make our country a more attractive destination for foreign investment with predictable and efficient tax regimes.

Reply of the Government

(1) The CBDT has revised monetary limits for filing appeals/SLPs in various courts and ITAT through the Circulars mentioned in Column 4. The monetary limit of tax effect for filing SLPs in Supreme Court has been increased from Rs. 1 crore to Rs. 2 crores by CBDT Circular No. 05/2024 dated 15.03.2024. This was subsequently increased to Rs. 5 crores through Circular No. 09/2024 dated 17.09.2024. As a result of these two Circulars, a total of 601 SLPs (total revenue involved Rs. 63.36 Crore) were dismissed by the Hon'ble Supreme Court. The upward revision of monetary limits of tax effect for filing of SLPs/Appeals has also considerably reduced the number of cases, where the appeal/SLP is required to be filed in Courts/ITAT.

(2) Efforts are made to get SLPs bunched so that there is a quick disposal.

(3) Effective monitoring of pending SLPs is done.

(4) No SLP is filed in cases/issues which have been decided finally by Supreme Court.

Further, CBDT has noted the recommendations of the committee regarding study and examination of the best practices followed by different countries for mitigating the tax dispute burden, for their impact, usefulness and adoptability, particularly in the Indian context.

**[Ministry of Finance (Department of Revenue),
O.M. No. H-11015/6/2024-Parl. dated 03.03.2025]**

(For Comments of the Committee, please refer Para No. 1.13 of Chapter I)

Recommendation (SI No. 9)

Strengthening of Tax Administration

Training

The Committee note that there are emerging fields in which training is required or would be required for the tax personnel in the near future to become proactive rather than reactive in managing tax evasion and frauds, such as Cryptocurrency and Blockchain Analysis, Data Analytics and Forensic Accounting, Artificial Intelligence and Machine Learning in Taxation, White-Collar Crime and Regulatory Compliance, etc. The importance of a proactive approach in the emerging field of tax analytics and technology for tax personnel in India cannot be overstated. Traditionally, tax authorities have often been reactive, addressing tax evasion and fraud only after they occur. However, with the advent of advanced data analytics and technology, there is a significant opportunity for tax personnel to shift towards a more proactive stance. The Committee, therefore, recommend that necessary planning be done and arrangements made to impart training in such fields for the tax personnel. The Committee would like to be apprised of the details of such planning; and estimation of funds at the time of furnishing action taken notes by the Department.

Reply of the Government

CBDT

The suggestions made by the committee have duly been noted for necessary compliance. It is submitted that the CBDT has a robust and comprehensive capacity building eco-system the officers of CBDT are pro-actively trained in all the emerging fields including data analytics, digital currency, AI/ML Forensic accounting etc. Details of some of the trainings conducted during the current year are as under:

(i) Course Conducted in Collaboration with OECD on Anti-Money Laundering: Current Trends, Prosecutions, and the Challenges around Crypto Assets” from 21st – 25th October, 2024- A 5-day Specialty Programme was organised on the theme “Anti-Money Laundering: Current Trends, Prosecutions, and the Challenges around Crypto Assets” from 21st to 25th October, 2024 at NADT Regional Campus, Saket, New Delhi. This 5-day specialty programme was targeted at investigators with experience in the investigation, and/or prosecution of money laundering cases. The course provided an overview of current trends in money laundering, the enablers who provide the means, the freezing and seizing of assets, and money laundering prosecutions. The course also explored the challenges posed by crypto assets and new and emerging money laundering/terrorist financing risks posed by crypto assets. The course saw a total of 38 participants including 10

international participants from Indonesia, Malaysia, Maldives, Qatar, Timor-Leste and United Arab Emirates besides participants from CBDT, FIU-IND, ED, NCB, RBI, DGGI, SFIO and CBI. The program was a huge success and received outstanding feedback.

(ii) Workshop conducted in Collaboration with HMRC, UK on Risk assessment at NADT-RC Kolkata– A 5-day workshop was conducted for the officers of department in collaboration with His Majesty Revenue and Customs (HMRC) at regional training campus at Kolkata from 10.12.2024 to 13.12.2024. During the workshop various aspects of data exploitation, Compliance and risk management in HMRC. Key areas include the Tax Gap, strategic risk analysis, and tools like CONNECT, IDRS, and XBRL for detecting and preventing risks were taught to the participants.

(iii) Course on ‘Managing Financial Investigation’ was conducted by Directorate of Training, CBDT in collaboration with OECD from 20th January 2025 to 31st January 2025. In the above course, a total of 18 participants from India and 11 participants from foreign countries undertook the training on various aspects of Financial Investigation. The topics covered in the training program entailed subjects like Insight into investigative Techniques of Crypto Assets, various aspects of money laundering, asset recovery, beneficial ownership and international cooperation, etc. Various case studies on the above topics were also covered in the Pilot course. A specific mention may also be made here that participants were also made aware on the various aspects of internal corruption pertinent to financial investigation.

(iv) The CBDT has also collaborated with Institutes like National Cyber Forensic University (**NFSU**) **Gujarat** and other similar Institutes to conduct specialised training courses for its employees. Details of some of the courses conducted are given below-

- Introduction to Digital Evidence
- File System and Digital Forensic Imaging
- Mobile Forensics
- Open-Source Forensic Tools and Usage of AI in Investigation
- Crypto assets and Block chain Technology
- Machine Learning and AI tools
- Data Analytics
- Cyber Security
- Use of Technology in Investigation

(v) Training Programme in Digital Forensic in collaboration with NFSU, Goa is also conducted to equip the officers with latest techniques of digital forensic.

(vi) **Review of the training syllabus** - National Academy of Direct Taxes (NADT) and other training institutes under CBDT have implemented measures to address this recommendation by organizing specialized training programs for officers in these critical areas. Recently, the comprehensive revision of syllabus prescribed for Induction training of IRS Officer Trainees has taken place where the focus on latest technology and methods has been increased.

(vii) In the training syllabus dedicated sections are earmarked for topics such as Impact of Technology on Tax Administration and Overview of digital transformation. In these sessions the structured inputs are given about key advancements like big data analytics using AI and Machine learning and Block Chain Technology.

(viii) Also, a dedicated module is earmarked for Digital Forensics wherein structured inputs are given on Tax evasion related data identification, retrieval, analysis and presentation. The hands-on training as Digital Forensics is given to the Officer Trainees in the dedicated Digital Forensic Lab in NADT.

(ix) Inputs are provided to the Officers in the strengthening international cooperation through agreements like the OECD Common Reporting Standard (CRS), and information sharing with tax authorities in other countries which helps in curbing international tax evasion.

(x) Further, the IRS Officer Trainees are sent on attachment to Bureau of Police Research and Development, and National Forensic Science University wherein they are given inputs on use of modern technology in investigation of cyber-crime.

(xi) At present provisions of section **115BBH (Tax on Income from Virtual Digital Asset)** and section **194S (Payment on transfer of virtual digital asset)** are duly being dealt in the orientation training courses for the Income Tax officers and suggestions for including such sessions in the training of Income Tax officers and Inspectors of Income Tax has already been made to committee looking into revising the syllabus for their trainings.

(xii) Establishment of Centre of Taxation and Finance (CTF) by CBDT for specialised and complex issues relating to tax and finance - In line with India's commitment during the G20 Presidency for a multilateral capacity building centre, a Centre of Excellence by the name Centre for Taxation and Finance (CTF) at NADT-RC, Delhi has been set up, which has started conducting programmes from January 2025. This centre has been developed as a specialised training centre in India to build the capacity of the officers to deal with complex tax related issues including Cryptocurrency and Blockchain Analysis, Data Analytics and Forensics Accounting, Artificial Intelligence and Machine Learning in Taxation, White Collar Crime.

(xiii) During the current year the training syllabus of Mid-Career training programmes (MCTP) for middle level and senior IRS officers have been revised and subjects like Forensic Accounting, Block chain technology, AI/ML have been incorporated.

(xiv) The department collaborates with several reputed agencies, organisations and institutions in the country and abroad. The aim of such collaborations is to equip the employees to address the ever-growing challenges involved in interpretation of complex international & domestic tax laws, investigation involving cross border transactions, complex matrix of digital payments, layering, hawala, crypto and money-laundering issues etc. At the same time these enable the Department to showcase and offer its own expertise in areas such as Risk Assessment, real estate taxation, International Taxation etc. and create avenues for knowledge osmosis where our officers can contribute to other tax regimes. Foreign Collaborations include Organisation for Economic Co-operation and Development (OECD), International Monetary Fund (IMF), World Bank, His Majesty's Revenue & Customs (HMRC), Commonwealth Association of Tax Administrators (CATA) etc.

Over and above the CBDT through its mandatory and refresher course programmes conduct regular training courses for all the employees. The Details of Training programmes already conducted are summarised below: -

i) Induction Training (Directly recruited cadre)-Induction courses cater to newly recruited IRS officers and other staff, providing foundation training at NADT, RCs, and MSTUs.

Cadre	Conducting Institute	Duration
Direct Recruit IRS	NADT Nagpur	16 months

Inspectors of Income-tax	Jurisdictional NADT RC	60 days
Tax Assistants	Jurisdictional MSTUs	35 days
Stenographers-Gr-II	Jurisdictional MSTUs	05 days
Multi-Tasking Staff	Jurisdictional MSTUs	10 days

ii) Orientation Training (Promotion cadre): Orientation courses support officers and staff transitioning to new roles, including promotions, helping them develop skills specific to their new responsibilities

Cadre	Conducting Institute	Duration
ACsIT	NADT Nagpur	07 weeks
Income Tax Officers	Jurisdictional RC	40 days
AO Grade- II/III	Jurisdictional RC	15 days
Inspectors of Income-tax	Jurisdictional RC	10 days
Office Superintendent	Jurisdictional MSTUs	
Sr Tax Assistants	Jurisdictional MSTUs	15 days
Tax Assistants	Jurisdictional MSTUs	10 days

iii) Mandatory Mid-Career Training Program for Group-A officers

Presently MCTP-Phase I after completion of 7 - 9 years of service & Phase-II after completing 14 - 16 years of service are being conducted in Collaboration with XLRI and MCTP-Phase-III is being conducted at IIM, Indore. These are designed to develop necessary competencies for more senior positions in future.

Phase	Eligible Service Seniority (in years)	Duration
I	7-9	4 weeks
II	14-16	3 weeks
III	26-28	2 weeks

iv) In-service courses-These courses are designed to enhance the skills, knowledge, and competencies of serving officers, enabling knowledge, them to perform their roles more effectively, stay updated with the latest developments in their respective fields, and address emerging challenges. These courses are conducted on topics like Cryptocurrency and Blockchain Analysis, Data Analytics and Forensics Accounting, Artificial Intelligence and Machine Learning in Taxation, White Collar Crime and

Regulatory Compliance. NADT and Regional campuses also conducts training programme on Digital Forensics for the serving Officer of the department and also for other organisations like SEBI, CEIB and so on.

v) Specialized courses- Specialized courses are tailored to the Department's needs in technical areas like Tax Deducted at Source (TDS), Collection and Recovery, Search and Seizure, Prosecution, International Taxation, Transfer Pricing, and roles related to financial systems such as the Public Financial Management System (PFMS) and Government e-Marketplace (GeM). As well as on emerging technologies, digital forensic etc. Additional programs offered including computer skills and software applications training, with a focus on departmental platforms particularly ITBA. Official language training sessions are conducted regularly. The course on Behavioural skills is also conducted by all the training Institutes. Emphasis is also given on developing citizen centric approach and better management skills. Specialised courses in stress management, negotiations, time management, work-life balance etc. are also conducted.

vi) Collaborations with External and domestic organisations - The department collaborates with several reputed agencies, organisations and institutions in the country and abroad. The aim of such collaborations is to equip the employees to address the ever-growing challenges involved in interpretation of complex international & domestic tax laws, investigation involving cross border transactions, complex matrix of digital payments, layering, hawala, crypto and money-laundering issues etc. At the same time these enable the Department to showcase and offer its own expertise in areas such as Risk Assessment, real estate taxation, International Taxation etc. and create avenues for knowledge osmosis where our officers can contribute to other tax regimes. Foreign Collaborations include Organisation for Economic Co-operation and Development (OECD), International Monetary Fund (IMF), World Bank, His Majesty's Revenue & Customs (HMRC), Commonwealth Association of Tax Administrators (CATA), LKY University, Singapore, JISPA, GRIPS Tokyo, SIPA Columbia, Fulbright fellowship program by USIEF etc. Domestic collaborations include those with premier Institutes like Indian Institute of Management (IIM)(B), Indian School of Business (ISB) Hyderabad, MDI Gurugram, NDC, DSSC Wellington, LBSNAA, NIFM, IGNFA, IICA, ISTM etc.

Estimation of funds-

All the budget proposals i.e. Budget Estimates (BE), Revised Estimates (RE) and Final Requirements are submitted through the Directorate of Expenditure Budget, who is the nodal agency of CBDT for the allocation of funds to different Budget Controlling Authorities (BCA). Budgetary requirement of funds for training institutes shows gradual upward trend primarily on account of the incremental quality and quantity of training inputs and focused capacity building interventions conducted for entire cadre. This involves adopting better and contemporary teaching methodologies, tools and equipment and providing modern hostel facilities and infrastructure to trainees and faculty.

The training institutes under Directorate of Training, CBDT, therefore, require adequate funds under various heads including DTE (Domestic Travel Expenses), OE (Office Expenses), Rent, ICT/IT (Information, Computer & Telecommunication/Information Technology), Rent for others as well as for maintenance of its numerous buildings.

For effectively conducting these training programs proposals for infrastructure upgradation such as modern facilities, technological tools, and other resources essential for high-quality training are being received from its training institutes including NADT.

Higher Fund requirement under Training Expenses head- It is estimated that the fund under the training head will be increased by 20% in comparison to the RE 24-25. The reason for this increase is mentioned below:

- (i) During the current years many specialized programmes in collaboration with OECD (Organisation for Economic Co-operation and Development), IMF (International Monetary Fund) and similar other organizations, have been conducted to equip the officers to address the challenges involved in complex international & domestic tax laws and also to handle the investigation involving cross border transactions, complex matrix. Therefore, the requirement of fund under the training has increased.
- (ii) **Increased number of officers and batches for Mid-Career training programmes (MCTP) for all the cadres:** Presently MCTP Phase-I is conducted for Group A officers with experience of 7-9 years, Phase-II for officers with experience of 14-16 years and Phase III is conducted for officers with 26-28 years of experience. This year already the number of batches trained under MCTP is much higher in comparison to F.Y. 23-24. Moreover, CBDT is under the process of launching similar mandatory training programmes for the following cadres:

- (a) Chief Commissioners of Income Tax
- (b) Income Tax Officer (Group B)
- (c) Income Tax Inspectors

(iii) Mandatory Training Hours - CBDT has fixed a target of minimum 50 hours of mandatory annual learning/training for every employee of the department from Reporting Period 2024-25. Currently the working strength of employees in CBDT is approximately 50,000. In order to provide sufficient opportunities of training programmes through offline as well as online mode to all the employees, the Directorate of training as well as other verticals of the CBDT are making special efforts to conduct regular training courses on a variety of topics and also encourage them to participate in these training programmes. This necessitates massive upgrade on info-tech infrastructure, networking solutions, customised software and delivery mechanisms. All these will require adequate budgetary resources.

(iv) Conducting Faculty Development Programmes- NADT and 10 Regional Campuses do not have the permanent faculty and the officers of the department serve **as faculty for a fixed tenure of 2-3 years in the NADT and RCs**. The Directorate of training, CBDT is working towards making the training institutes as centres of excellence in the areas of Finance, Investigation and Taxation. Enabling faculty members of the training institutes is a prerequisite to creating centres of excellence. To ensure that the faculty members are well-equipped with the latest teaching methodologies, industry trends, and updates on capacity building techniques, it is imperative that Faculty Development programmes are conducted on regular basis.

CBIC

As per Annexure-I.

[Ministry of Finance (Department of Revenue),
O.M. No. H-11015/6/2024-Parl. dated 03.03.2025]

Recommendation (SI No. 10)

Vacancies

The Committee note that there are considerable numbers of vacancies in both CBDT and CBIC. In some posts, there are 100% vacancies. Even for the crucial post of Inspector of Central Excise, there are 7,744 vacancies. Such vacancies may be hampering the smooth functioning of the organizations and providing optimum services to the taxpayers. The Committee believe that filling these vacancies promptly is essential to maintain the efficiency and effectiveness of our tax administration, ensuring it can meet its revenue targets and support the country's economic growth. The Department has attributed these vacancies to candidates leaving the department once they get better opportunities elsewhere. Nonetheless, the Committee feel that having such vacancies is not in the best interest of the Government or the taxpayers. Therefore, they recommend that the Department urgently take up this matter with the concerned authorities to recruit an adequate number of candidates.

Reply of the Government

CBDT

Recruitment in Group A

The CBDT recruits IRS(IT) Group 'A' officers at entry level i.e. ACIT as per the 'Indian Revenue Service Rules 2015' through fifty percent by direct recruitment on the basis of the results of the examination and remaining fifty percent by promotion of ITOs on the basis of selection. Steps to fill vacancies are taken in time. Recruitments are made through Civil Services Examination, conducted by UPSC and allocation made by DoP&T. The vacancies reported and filled since CSE 2019 year till 31st January, 2025 in respect of IRS(IT) Group 'A' posts are as under:

Year of CSE	Vacancy reported to DoPT	Vacancies filled
2019	75 (incl. backlog)	66
2020	74 (incl. backlog)	69
2021	59 (incl. backlog)	56
2022	131	123
2023	192 (incl. backlog)	181
2024	180	Dossiers awaited from DoP&T.

Direct Recruitment Quota Vacancies in Group B and C:

The following no. of Direct Recruitment (Group B & C cadre) vacancies have been reported to Staff Selection Commission (SSC) for Examination Year 2024-25:

ITI- 411

TA- 2256

Steno Gr. II- 283

MTS- 2923

Results are expected to be declared by SSC in Feb/March, 2025.

Appointment letters to 3947 candidates in various cadres have been issued in Rozgar Melas conducted in Calendar year 2024.

The Pr. Chief Commissioners of Income Tax (CCA) concerned, being Cadre Controlling Authorities, are regularly convening meeting of Departmental Promotion Committee (DPCs) to fill-up the vacancies occurred against Promotion Quota from the available eligible officials as per Recruitment Rules of respective cadres. The names of all eligible officials as per Recruitment Rules of respective cadres are to be considered by the Departmental Promotion Committee (DPC) for promotion to higher grades. Consequent upon recommendations of panels by the DPCs for promotion to various cadres, the concerned office of the Principal Chief Commissioner of Income Tax (CCA) issues promotion order to fill-up the Promotion Quota Vacancies.

Remarks: Candidates in CBDT for various Group B & C posts are recruited through SSC. Vacancies as reported by Pr.CCIT (CCAs) are promptly communicated to recruiting agency i.e. SSC as and when requisitioned by it. There is high attrition rate due to candidates getting better job opportunity.

CBIC

The latest Group wise staff position of CBIC, available as per Half Yearly Brochure of CBIC (as on 01.07.2024) is provided as below:

Group of Post	Sanctioned Strength	Working Strength	Vacancy Position
Gr. A	6397	4777	1620
Gr. B	55040	38197	16843
Gr. C	30305	11909	18396
Total	91742	54883	36859

It is submitted that CBIC has taken sincere steps to overcome the shortage of staff by filling up the vacancies in Group A, B and C cadre. During year 2024, a total

of 4653 officers in Gr. B and C cadre were recruited by way of Direct Recruitment (DR) through SSC and 418 officers were elevated by way of promotion from the feeder cadre. Further, 8912 DR vacancies in the Gr. B and C cadre of CBIC are also reported and proposed to SSC for which recruitment is under process.

Further, among the 8912 DR vacancies reported to SSC, 3184 vacancies are reported for recruitment in Inspector grade (viz. 145 vacancies for Examiner, 2699 vacancies for Inspector and 340 vacancies of Preventive Officer) to overcome the shortage of staff specifically in the Inspector grade in CBIC.

**[Ministry of Finance (Department of Revenue),
O.M. No. H-11015/6/2024-Parl. dated 03.03.2025]**

(For Comments of the Committee, please refer Para No. 1.16 of Chapter I)

CHAPTER III

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

-NIL-

CHAPTER IV

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

-NIL-

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

-NIL-

**New Delhi;
29 July, 2025
07 Sravana, 1947 (Saka)**

**BHARTRUHARI MAHTAB
Chairperson
Standing Committee on Finance**

Report on Recommendations of Standing Committee on Finance (Review of Demands for grants, Para 9) and alignment with activities of NACIN

1. Background and Context

The Standing Committee on Finance, in its review of the Demands for Grants for the Department of Revenue, has identified the need for significant investment in capacity building and training for tax personnel. The Committee, in its recommendation (Para No. 9), emphasizes the importance of equipping tax personnel with advanced training to address emerging challenges in **tax evasion and fraud**. It highlights the need for a **proactive approach** in managing frauds through skill development in fields such as **Cryptocurrency and Blockchain Analysis, Data Analytics and Forensic Accounting, Artificial Intelligence and Machine Learning, and Regulatory Compliance**. The Committee underscores the shift from a reactive to a proactive stance, leveraging advanced technologies and data analytics to detect tax violations efficiently. It further recommends that **necessary planning** be undertaken, including detailed arrangements for imparting such training, with an estimation of required funds to be provided while furnishing action taken notes by the Department.

This note aims to provide a brief on the activities undertaken by leveraging the infrastructure of the **Cyber Innovation Centre at NACIN¹ Palasamudram**, with the objective of capacity building in these emerging areas.

NACIN Palasamudram has established a state-of-the-art Cyber Innovation Centre in collaboration with IIT Madras, equipped with world-class forensic tools and software to tackle growing challenges in digital investigations.

- ✚ The Centre offers advanced capabilities in Open-Source Intelligence (OSINT), Dark Net Intelligence, Cryptocurrency Investigations, and Cyber Forensic Analysis, including Audio, Video, and Drone Forensics.
- ✚ It has the potential to be certified or notified as a forensic examination lab under the IT Act by the Ministry of Electronics and Information Technology (MeitY).
- ✚ As part of its initiatives, NACIN, in collaboration with IIT Madras Pravartak Foundation, has conducted trainings for various target groups to enhance digital investigation capabilities.

¹ The **National Academy of Customs, Indirect Taxes and Narcotics (NACIN)** is the apex civil service training institute of Government of India for capacity building of civil servants in the field of indirect taxation, particularly the areas of customs, GST, central excise, service tax and narcotics control administration. Located at Palasamudram in Andhra Pradesh, the Academy is operated under the aegis of the Central Board of Indirect Taxes and Customs, [Department of Revenue, Ministry of Finance, Government of India]

2. Standing Committee Recommendations Vis-à-Vis Activities of NACIN

The following matrix maps the **current activities** and the **plan forward** for the **Cyber Innovation Centre** at **NACIN Palasamudram** in alignment with the recommendations of the **Standing Committee on Finance**. The matrix highlights the progress made so far through **trainings and discussions** and outlines the strategic roadmap for capacity building in critical areas. This mapping ensures a structured approach toward leveraging the Cyber Innovation Centre's infrastructure to strengthen enforcement capabilities and equip tax personnel with emerging technological skills.

<i>Emerging Areas</i>	<i>Trainings Given/Way forward</i>
<i>Cryptocurrency and Blockchain Analysis</i>	Trainings on Cryptocurrency and Blockchain Analysis have been conducted and are detailed in the following sections. The roadmap for future trainings is also outlined below.
<i>Data Analytics and Forensic Accounting</i>	The existing faculty engaged with the Cyber Innovation Center are equipped with Data Analytics tools . Trainings have been conducted on tools capable of analyzing financial transaction data and Mobile data , with further details presented in the sections below.
<i>Artificial Intelligence and Machine Learning in Taxation</i>	Discussions with the IIT Madras team and NCTC² focused on leveraging AI/ML tools for predictive analysis, risk profiling, and intelligence generation in tax administration. Key areas explored included AI-based solutions . These discussions will be elaborated in subsequent sections, along with plans for trainings organized by IIT Madras .

3. Infrastructure and Capabilities of NACIN Cyber Innovation centre

The **Centre** is designed to serve as a **center for capacity building and operational support**, aligning with the need for proactive technological solutions. The lab is equipped to train personnel and support investigations in areas such as **Computer Forensics** (data acquisition, disk imaging, and incident response), **Network Forensics** (log and packet data acquisition for cybercrime analysis), **Mobile Forensics** (logical and physical data extraction and file system acquisition), and **Advanced Analytics** (OSINT, Darkweb Analytics, Blockchain Analytics, and social media data analysis). Additionally, **Media Forensics** capabilities include video,

² The National Customs Targeting Centre (NCTC), under CBIC, Ministry of Finance, Department of Revenue, plays a pivotal role in enhancing risk-based targeting and enforcement capabilities for effective customs operations.

image, audio, and drone forensics for advanced operational needs. Significant milestones have been achieved in the lab's setup, with the installation of specialized tools like **Belkasoft Evidence Centre**, **Magnet Axiom**, **TRM Labs** for blockchain analytics, and **OSINT (Open-Source Intelligence) tools**, along with forensic hardware such as **Black widow** and **Ant analyzer** workstations to ensure advanced forensic-capabilities.

4. Trainings Conducted

The specialized training programs conducted, focuses on enhancing officers' skills in **digital forensics**, including securing and analyzing digital evidence, **OSINT (Open-Source Intelligence)** and **Dark Web Investigations** for gathering actionable intelligence, **cryptocurrency investigations** to trace digital asset flows, and **mobile and computer forensics** for data extraction and recovery. It also covers **financial analysis** and **Call Data Records analysis** to identify suspicious transactions and communication patterns, as well as advanced techniques like **password cracking**, **data recovery**, and **forensic imaging** to ensure the integrity of digital evidence. These hands-on programs are designed to equip officers with practical knowledge and cutting-edge tools to address sophisticated cyber- investigations effectively.

NACIN has successfully conducted multiple training programs for various formations:

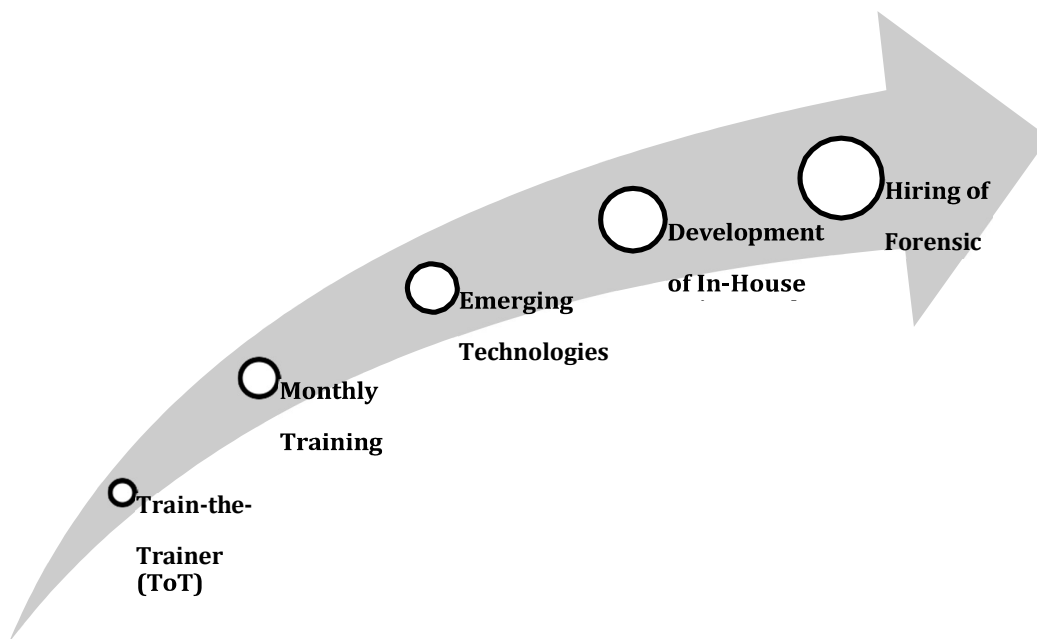
<i>Target Group</i>	<i>Topic</i>	<i>Participants</i>	<i>Duration</i>
IRS Officer Trainees	Cyber Forensics& Intelligence generation tools	40	5 Days
Induction Training for Officers Promoted to Group 'A'	Cyber Forensics& Intelligence generation tools	30	2 days
Customs & GST Preventive Officers	Cyber Forensic & Intelligence tools	22	5 Days
DRI Officers	Cyber Forensic Training tools	17	5 Days
DRI and NCTC Officers	Intelligence Generation Tools	28	4 Days
DGGI Officers	Cyber Forensics & Intelligence Generation Tools	27	5 Days

Cyber tools to support efficient Interdiction of Narcotics and Wild life Contraband

In addition to the above-mentioned dedicated training programs, **individual sessions** on **Open-Source Intelligence (OSINT)**, **Cryptocurrency Investigations**, and **Dark Net Technologies** were incorporated into various **Wildlife and Narcotics Workshops**. These sessions were tailored to align with the themes of the workshops, focusing on equipping participants with specialized skills to detect and investigate illicit activities such as **wildlife trafficking** and **narcotics smuggling** through advanced digital tools and techniques.

5. Planned Way Forward

The Cyber Innovation Centre at **NACIN Palasamudram** envisions a structured roadmap to strengthen the capabilities of departmental officers through targeted capacity-building initiatives and operational support. Key focus areas include:



1. **Train-the-Trainer (ToT) Program:** Introduce a structured **ToT program** for departmental officers to develop a pool of in-house trainers capable of delivering cyber forensic and intelligence training effectively across formations.
2. **Monthly Training Programs:** Conduct regular **monthly programs** for departmental officers, following a set pattern focused on **Cyber Forensic tools** and **Intelligence Generation tools** to ensure continuous skill development and knowledge enhancement.
3. **Emerging Technologies Program:** Develop and deliver specialized programs on **emerging technologies** such as **Artificial Intelligence (AI)** and **Machine Learning (ML)** in **coordination with IIT Madras and NCTC**. These programs will focus on enhancing officers' expertise in AI/ML applications for **predictive analysis, risk**

profiling, and intelligence generation to address evolving operational challenges.

4. **Development of In-House AI/ML Tools:** Collaborate with **IIT Madras** to develop **custom AI/ML tools** tailored to the Department's needs, enabling advanced data analytics, intelligence generation, and risk-based decision-making.
5. **Hiring of Forensic Experts:** Facilitate the hiring of dedicated **forensic experts** to provide continued support for **operations, investigations, and intelligence development**, ensuring sustained technical expertise for departmental officers.

This comprehensive approach will ensure that the Department remains proactive, technologically advanced, and equipped to handle the complexities of modern digital - investigations, effectively.

6. Proposed Budget

The proposed budget is divided into two components: **i) Infrastructure Development /Maintenance Costs** ii) **Hiring of Human Resources**, both aimed at ensuring the sustained operational efficiency and capacity-building of departmental officers.

Training Programs

Each **5-day training program** is estimated to cost approximately **₹5 Lakhs**, covering faculty costs, travel expenses, and accommodation. This estimation is based on the training programs conducted so far at the Cyber Innovation Center.

- **Yearly Cost:** Considering **one training program every month**, the annual cost works out to **₹60 Lakhs** (₹5 Lakhs x 12 programs).
- **Capacity Utilization:** The lab's capacity of **24 participants per program** ensures that **288 officers (24 x 12)** are trained annually.
- **Cost Optimization:** The costs will be **significantly reduced** if some trainers are drawn from the participants of the **Train-the-Trainer (ToT) workshops**, creating a sustainable pool of in-house faculty.

For **AI/ML and Emerging Technologies** programs, the cost per program will remain the same at **₹5 Lakhs**. Assuming **one program every month**, this can be accounted for in the annual budget, ensuring structured capacity building in advanced technological domains.

Infrastructure Development/Maintenance Costs

The infrastructure and maintenance costs associated with the Cyber Innovation Centre are as follows:

- **Software Licenses:** The forensic tools and software procured for the Centre come with a three-year license validity. Post this period, the licenses will need to be renewed to ensure continued functionality and up-to-date features.

- **Hardware Upgrades:** Given the rapid advancements in technology, the high-end workstations and associated hardware will require periodic upgrades to maintain optimal performance and compatibility with evolving software requirements.
- **Maintenance and AMC:** The current MoU with IIT Madras has a tenure of five years. Post the completion of this period, a separate **Annual Maintenance Contract (AMC)** will be necessary to ensure the continued upkeep and smooth functioning of both the hardware and software infrastructure.
- **Total Estimated Expenditure:** Taking into account the software renewals, hardware upgrades, and AMC requirements, the total expenditure over the specified period is estimated to be **₹5 Crores**.

Hiring of Resources for the functioning of the Lab

To ensure continued operational support and capacity building, the proposal includes hiring 4 resources (Including Forensic Experts and Lab Assistants) at market rates. An estimation provided by **IIT Madras** pegs the total cost at **₹78 Lakhs per annum** for the said staff.

- **Role of Experts:**
 - The hired experts will provide technical assistance in **operations, investigations, and intelligence development**.
 - They can also act as **faculty** for training programs, thereby reducing future training costs significantly.

This dual approach of organizing regular training programs and hiring dedicated experts will create a sustainable ecosystem for capacity building while ensuring cost optimization over time.

Minutes of the Thirtieth sitting of the Standing Committee on Finance (2024-25). The Committee sat on Tuesday, the 29 July, 2025 from 1430 hrs to 1615 hrs in Committee Room '62', Samvidhan Sadan, New Delhi.

PRESENT

Shri Bhartruhari Mahtab – Chairperson

LOK SABHA

2. Shri P. P. Chaudhary
3. Shri K. Gopinath
4. Shri Chudasama Rajeshbhai Naranbhai
5. Thiru Arun Nehru
6. Smt. Sandhya Ray
7. Dr. Jayanta Kumar Roy
8. Dr. K. Sudhakar
9. Shri Balashowry Vallabhaneni
10. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

11. Shri S. Selvaganabathy
12. Shri Sanjay Seth
13. Smt. Darshana Singh

SECRETARIAT

- | | | | |
|----|----------------------------|---|------------------|
| 1. | Shri Gaurav Goyal | - | Joint Secretary |
| 2. | Smt. Bharti Sanjeev Tuteja | - | Director |
| 3. | Shri Kuldeep Singh Rana | - | Deputy Secretary |
| 4. | Shri T. Mathivanan | - | Deputy Secretary |

PART I

2.	XX	XX	XX	XX	XX	XX
	XX	XX	XX	XX	XX	XX.

(The witnesses then withdrew)

PART II

3. Thereafter, the Committee took up the following draft Action Taken Reports for consideration and adoption:

- (i) Fourteenth Report on Action taken by the Government on the Observations/Recommendations contained in the First Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment and Public Asset Management).
- (ii) Fifteenth Report on Action taken by the Government on the Observations/Recommendations contained in the Second Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Finance (Department of Revenue).
- (iii) Sixteenth Report on Action taken by the Government on the Observations/Recommendations contained in the Third Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Corporate Affairs.
- (iv) Seventeenth Report on Action taken by the Government on the Observations/Recommendations contained in the Fourth Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Planning.
- (v) Eighteenth Report on Action taken by the Government on the Observations/Recommendations contained in the Fifth Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Statistics and Programme Implementation.
- (vi) Nineteenth Report- Action taken by the Government on the Observations/Recommendations contained in the Eighth Report of the Standing Committee on Finance on 'Demands for Grants (2025-26)' of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Public Enterprises and Investment and Public Asset Management).
- (vii) Twentieth Report- Action taken by the Government on the Observations/Recommendations contained in the Ninth Report of the Standing Committee on Finance on 'Demands for Grants (2025-26)' of the Ministry of Finance (Department of Revenue).
- (viii) Twenty-First Report on Action taken by the Government on the Observations/Recommendations contained in the Tenth Report of the Standing Committee on Finance on 'Demands for Grants (2025-26)' of the Ministry of Corporate Affairs.
- (ix) Twenty-Second Report on Action taken by the Government on the Observations/Recommendations contained in the Eleventh Report of the Standing Committee on Finance on 'Demands for Grants (2025-26)' of Ministry of Planning.
- (x) Twenty-Third Report on Action taken by the Government on the Observations/Recommendations contained in the Twelfth Report of the Standing

Committee on Finance on 'Demands for Grants (2025-26)' of Ministry of Statistics and Programme Implementation.

- (xi) Twenty-Fourth Report on Action taken by the Government on the Observations/Recommendations contained in the Thirteenth Report of the Standing Committee on Finance on 'Demands for Grants (2025-26)' of Ministry of Finance (Department of Financial Services).

After some deliberations, the Committee adopted the above draft Action Taken Reports and authorised the Chairperson to finalise them and present the Reports to the Parliament.

The Committee then adjourned.

* * *

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE 2ND
REPORT (EIGHTEENTH LOK SABHA) ON DEMANDS FOR GRANTS
(2024-25) OF THE MINISTRY OF FINANCE (DEPARTMENT OF
REVENUE)

		Total	% of total
(i)	Total number of Recommendations	10	
(ii)	Observations / Recommendations which have been accepted by the Government (<i>vide</i> Recommendation at Sl.Nos. 1, 2, 3,4, 5, 6, 7, 8, 9 and 10)	10	100%
(iii)	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's replies	Nil	0.00
(iv)	Observations / Recommendations in respect of which replies of the Government have not been accepted by the Committee	Nil	0.00
(v)	Observations / Recommendations in respect of which final reply of the Government are still awaited	Nil	0.00

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