

THIRTEENTH LOK SABHA

MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)

DEMANDS FOR GRANTS  
(2001-2002)

*[Action taken by the Government on the recommendations contained  
in the Fourteenth Report of the Standing Committee on Finance on Demands for  
Grants (2001-2002) of Ministry of Finance (Department of Revenue)]*

THIRTY SECOND REPORT

LOK SABHA SECRETARIAT  
NEW DELHI

May, 2002/Vaisakha, 1924 (Saka)

## **INTRODUCTION**

I, the Chairman, Standing Committee on Finance, having been authorised by the Committee to submit the Report on their behalf present this Thirty Second Report on action taken by Government on the recommendations contained in the Fourteenth Report of the Committee (Thirteenth Lok Sabha) on Demands for Grants (2001-2002) of the Ministry of Finance (Department of Revenue).

2. The Fourteenth Report was presented to Lok Sabha/ laid in Rajya Sabha on 24 April, 2001. The government furnished the replies indicating action taken on all the recommendations on 5 November and 4 December, 2001. The Draft Action Taken Report was considered and adopted by the Standing Committee on Finance at their sitting held on 9 May, 2002.

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

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

**NEW DELHI;**  
**13 May, 2002**  
**23 Vaishaka, 1924 (SAKA)**

**N. JANARDHANA REDDY,**  
**Chairman,**  
**STANDING COMMITTEE ON FINANCE**

# CHAPTER I

## REPORT

This report of the Standing Committee on Finance deals with action taken by Government on the recommendations contained in their Fourteenth Report (Thirteenth Lok Sabha) on Demands for Grants (2001-2002) of Ministry of Finance (Department of Revenue) which was presented to Lok Sabha on 24 April, 2001.

2. Action Taken Notes have been received from the Government in respect of all the 14 recommendations contained in the Report. These have been categorised as follows:-

- (i) Recommendations/Observations which have been accepted by the Government:  
Rec. Sl Nos. 3,4,9,10,13 and 14  
(Chapter II- Total 6)
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:  
Rec. Sl. Nos. 1, 2,8 and 11  
(Chapter III-Total 4 )
- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:  
Rec. Sl. Nos. 5 and 7  
(Chapter IV-Total 2)
- (iv) Recommendation/Observation in respect of which final reply of the Government is still awaited:  
Rec. Sl. Nos. 6 and 12  
(Chapter V-Total 2)

**3. The Committee desire that the replies to the recommendations contained in Chapter I and final replies in respect of the recommendations contained in Chapter V for which only interim replies have been given by the Government should be furnished to the Committee expeditiously.**

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

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

**A. Working of Central Information Branches**

Recommendation (Sl No. 3, Para No. 14)

6. The Committee while reviewing the extant vigilance mechanism of the Department of Revenue had expressed deep concern over the functioning of vigilance directorate of Income tax and Central Excise and Customs and had recommended that adequate care should be taken to strengthen the vigilance mechanism expeditiously and accountability and integrity amongst officers both at the senior and entry levels should be given more weightage.

7. The Ministry of Finance (Department of Revenue) in their action taken reply have stated as under :

“The Directorate of Income-tax (Vig) has been upgraded to the level of Directorate General of Income-Tax (Vig). A decision has also been taken to establish 4 Regional Directorates of Income-tax (Vig) at Delhi, Mumbai, Kolkata and Chennai. The implementation of this decision is in progress.”

**8. The Committee note that the Government have only partially implemented the recommendation and have not taken adequate steps to strengthen the vigilance mechanism of Central Excise and Customs. The Committee strongly feel that there should not be any let up in the efforts of the Ministry to ensure that high levels of integrity are maintained by the officers of the Department. Hence, the Committee reiterate their original recommendation and urge the Ministry that concerted efforts should be initiated immediately to revamp and revitalise the Central Excise and Customs Vigilance Directorate.**

## **B. Widening of the Tax Base**

### **Recommendation (Sl No. 5, Para No. 27)**

9. After examining a wide ranging initiatives undertaken by the Government to widen the tax base since 1997, the Committee in their Fourteenth Report on Demands for Grants of the Ministry of Finance (Deptt. of Revenue ) for 2001-2002 observed / recommended as follows :

“The Committee observe that despite the contention of the Ministry of Finance that the measures underway to widen the tax base through one by six scheme have reaped enormous successes and achieved desired results, about 96 percent of the new assesseees amongst non company asseesees is accounted for in the low income range of upto Rs. 2 lakh while about 75 percent in the case of corporate assesseees is in the income range below Rs. 5 lakh. They are of the view that unless slab-wise income statistics of new assesseees are generated and the resultant revenues accrued from these asseesees are compared with the additional revenue collections since the adoption of this scheme, the contention advanced by the Government cannot be accepted carte-blanche. **They, therefore, desire that generation of Income statistics slab-wise should be seriously pursued forthwith.**”

10. The reply of the Govt. on the above reads as under :

“The Committee’s recommendation that slab-wise income statistics of new assesseees should be generated, has been noted for compliance. It is stated that the Income Tax Department is in the process of being fully computerised. It would then be possible to generate income statistics slab-wise and tax accrued thereon.”

11. The action taken notes submitted by the Ministry in response to the Committee’s observation on the need for generation of income statistics slab-wise in their Seventh Report on Demands for Grants (2000-2001) are inter- alia detailed out below :

“.....Once all notices to persons covered by the one by six scheme are issued through the system all returns of income filed by assesseees are processed on computers, it will be possible to generate statistics on slab-wise income of the new assesseees and revenue accrued therefrom.

.....Presently, salary returns are being processed on computers. Gradually, all returns will be processed on computers. It is possible

to categorise such returns of income slab-wise and the revenue accrued thereon. However, this will be done in a gradual manner as the computerisation progresses.”

12. On perusal of the above written reply, the Committee in their Twelfth Report on action taken by Government on the Seventh Report (2000-01) had inter-alia commented as under :

“.....The reply of the Ministry that it would not be possible to generate income statistics slab-wise of the new assesseees covered by the one by six scheme and revenue accrued therefrom until all the notices to persons are issued and all the returns of income filed by assesseees are processed on computers, is not acceptable to the Committee. They view the non-committal reply seriously which tries to circumvent the whole issue of the generation of income statistics. They are of the opinion that the Ministry besides taking concrete measures for speedily completing the process of computerisation, should also process the returns and update the statistics at regular intervals as the issue of notices and processing the returns is a continuous process. They also desire that the scope to process the returns of incomes on computers should be further widened to encompass returns filed under other heads of incomes also. They, therefore, reiterate their original recommendation and recommend that the Department should evince greater commitment to (i) increase the tax GDP ratio; and (ii) generate income statistics slab-wise of the new assesseees and dovetail the same with the Tax Accounting System to monitor revenue collections vis-à-vis the targets fixed for various levels of officers.”

**13. The Committee note that the repeated recommendations by the Committee regarding the need and relevance of the generation of income statistics of the assessee's slab-wise during the last two years have not met with any tangible results. The Government have all along been advancing only casual replies, which are not acceptable to the Committee. The dearth of such statistics can cause a serious impediment in policy making and in arriving at an objective conclusion about the utility of the measures undertaken whether it be the widening of the tax base, gauging the revenue buoyancy levels vis-a-vis the GDP in a particular year or while analysing the performance of the Assessing Officers. The Committee in the light of above, while reiterating their earlier recommendations, strongly desire that concrete measures to accelerate the pace of computerisation should be taken on priority basis and simultaneously endeavour should be made by the Department to update the statistics at regular intervals when the processing of returns are in progress.**



### **C. Office Expenses**

#### **Recommendation (Sl. No. 7, Para 39)**

14. The Committee had noted with concern that though the comprehensive computerisation of income tax operations were made part of annual action plan of the Central Board of Direct Taxes (CBDT) since 1998-99, the funds allocated to implement the programme had remained underutilised to the tune of Rs. 38.35 crore and Rs. 4.8 crore during 1998-99 and 1999-2000, respectively. The Committee were of the opinion that failure on the part of department to implement the programme within the fixed time frames would only further delay the implementation of a whole array of allied tasks closely linked with this programme such as expeditious disposal of refund claims, tracking the slippages of revenue collections, cross checking the PAN details of the assessees, pursuing the stop-filers and non-filers etc., and the same can become a grave bottleneck if not tackled in time. They, therefore, had recommended that precedence of first order be accorded for the expeditious implementation of the programme of computerisation of Income Tax operations.

15. The action taken reply furnished by the Ministry of Finance (Deptt. of Revenue) in this regard is given below :

“The Committee has expressed their concern on the under utilisation of funds, it is however, observed that the amount of under utilisation indicated is not correct which would be evident from the table given below which gives the utilisation of funds under the head “Computerisation”

<b>Year</b>	<b>As per the Committee</b>			<b>As per our record</b>		
	Revised Estimates (Rs. in '000)	Actuals (Rs. in '000)	Amount of Under utilization (Rs. in '000)	Revised Estimates (Rs. in '000)	Actuals (Rs. in '000)	Amount of Under utilization (Rs. in '000)
1995-96	92,000	66,230	25,770	69,411	66,526	2,885
1996-97	102,600	97,374	5,226	100,000	94,469	5,531
1997-98	442,615	394,155	48,460	402,050	402,050	0
1998-99	593,280	209,710	383,570	389,450	206,628	182,822
1999-2000	452,900	404,174	48,726	410,000	399,851	10,149
Total	1,683,395	1,171,643	511,752	1,370,911	1,169,524	201,387

From the above table it would be seen that the amount of under utilisation, under the head “Computerisation” during 1998-99 and 1999-2000

was Rs. 18.28 crore and Rs. 1.01 crore and not Rs. 38.35 crore and Rs. 4.8 crore respectively as indicated by the Committee. As far as non-utilisation of Rs. 18.28 crore during 1998-99 is concerned, the same was on account of the fact that the Personal Computers ordered, on start of supplies, were found not to be meeting the specifications. Therefore, the payments of Rs. 18.28 crore were not made. Supplies as per specifications were received and payments were made during 1999-2000.

The recommendation of the Committee regarding precedence of first order for the expeditious implementation of computerisation programme is noted for compliance in future.

As far as the status of computerisation is concerned, the notable achievements are :

- i. 7708 PCs have been provided to officers to the level of Income Tax Officers spread over 465 towns/cities.
- ii. All the PCs are being put on network 5256 PCs in 151 buildings are on Local Area Network (LAN), out of which 5034 PCs in 36 cities are connected on Wide Area Network (WAN). The remaining users are also being put on LAN/WAN through dedicated leased lines and/or ISDN lines to enable them to work online.
- iii. Nine integrated application system have already been installed at all 36 Regional Computer Centres (RCCs) and are in advanced stages of implementation.
- iv. 28426 employees have been imparted training.

The Action Plan for the year 2001-2002 is as under :-

- i. Carry out a systems analysis study of the entire computer resources in the Department to suggest short term and long term measures to achieve complete computerisation.
- ii. A governance model identifying the roles and responsibilities of the various authorities with the Department will be set out for effective implementation of the Computer programmes.
- iii. The present 36 Computer Centers (CCs) will be consolidated into 16 RCCs. The sizing of hardware for the re-structured RCCs will be expedited.
- iv. Upgradation of Oracle version 1.3.4 to version 8i.
- v. Providing of PCs to all officers up to ITO level as per the revise cadre strength.
- vi. Providing of PCs to staff of each officer.
- vii. Connecting all the PCs through LAN/WAN.

- viii. Steps will be taken to place an Enterprise Management Software to manage TAXNET the network of the Income Tax Department.
- ix. Put in place a security software with firewall to ensure security of the systems and databases from unauthorised access.
- x. Steps will be taken to join Electronic Clearance Scheme (ECS) of the RBI to cut down volume of data entry and eliminate delays in encashment of refunds.
- xi. Setting up of a web site offering basic information relating to Direct Taxes including latest circulars, return forms etc. Subsequently, E-mail facility will also be extended to the taxpayer.

16. The Ministry of Finance in their action taken reply on 'Office Expenses' submitted in response to the Committee's observation in their Seventh Report on Demands for Grants (2000-2001) have inter-alia stated as under :-

“As regard training, so far, out of 52000 employees who are expected to work on computers, 27430 employees have been trained. Further, training of 12000 employees is to start shortly.

So far, 12 Computer Training rooms with facilities for simultaneous training of 240 persons have been made operational in various cities and at National Academy of Direct Taxes and Direct Taxes Regional Training Institutes.”

17. The Committee observe that even from the break up provided by the Ministry it is evident that there has been gross under utilisation of budgetary outlays meant to implement the programme of comprehensive computerisation of Income tax operations since 1995-96 onwards. It is also seen that desired progress has not been achieved to train and acquaint the employees with computers during the last one year. Out of 52000 employees more than 23000 are yet to be imparted with the requisite training to work on computers. The Committee, therefore while reiterating their earlier recommendation on computerisation of Income tax operations desire that the sustained efforts be made to further broad base/enhance the training facilities at the National Academy and Regional Institutes in order to accelerate the pace and coverage of training to the employees in computers. They also desire that the broad objectives outlined in the action plan for the year 2001-2002 should be seriously pursued on priority basis to reap the benefits of computerisation within the envisaged time frame.

## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### **Recommendation (Sl. No. 3, Para Nos. 13 & 14)**

The Committee express their deep dissatisfaction over the fact that since 1996-97 the Central Information Branches (CIBs) were able to collect and collate information only in 23 cases pertaining to public servants which were fit for search and seizure operations. The low rate of detection where incriminating evidence could be found amply demonstrates the poor performance of CIBs. The Committee are of the view that there is urgent need to review the working and organisational utility of CIBs thoroughly prior to the proposed restructuring of Income Tax Department.

The committee also express their deep concern over the functioning of vigilance directorate of Income tax and Central Excise and Customs. With a view to build a work force with high integrity levels, the Committee recommend that adequate care should be taken to strengthen the vigilance mechanism expeditiously and accountability and integrity amongst officers both at the senior and entry levels should be given more weightage.

#### **Reply of Government**

The Department had not stated that the searches in the case of Government employees had been conducted on the basis of information collected and collated by the Central Information Branches (CIBs). However, the CIB set up of the Income Tax Department has been further strengthened by posting Commissioners of Income Tax (CIB) at a number of places all over the country to make the CIB functioning more effective.

The Directorate of Income-tax (Vig) has been upgraded to the level of Directorate General of Income-Tax (Vig). A decision has also been taken to establish 4 Regional Directorates of Income-tax (Vig.) at Delhi, Mumbai, Kolkata and Chennai. The implementation of this decision is in progress.

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F.No. H-11013/5/2001-Parl. dated 5 November, 2001]

### **Comments of the Committee**

Please refer Para No. 8 of Chapter I of the report.

### **Recommendation (Sl. No. 4, Para No. 21)**

The Committee observe that the suggestions put forward by the All India Institute of Chartered Accountants of India and Delhi Parsi Anjuman do not involve any financial implications, therefore, these may be considered favourably. The issues raised by All India Rubberised Coir Products Manufacturers Association, Forum of Acrylic Fibre Manufacturers and Federation of All India Textile Manufacturers Associations, however, might involve some revenue implications. The Committee desire that the same may be considered appropriately.

### **Reply of the Government**

#### **Reply from Central Board of Excise and Customs**

As regards the request of the All India Rubberised Coir Products Manufacturers Association for withdrawal of the imposition of excise duty on rubberised coir mattresses (para 18) it is submitted that in this year's budget the Government had imposed a nominal duty of 4% on a No. of products and one of the items covered is rubberised coir mattresses. This levy was imposed as a measure of widening the tax base. However, rubberised coir mattresses are notified under the general small scale exemption scheme which provides for full duty exemption upto a limit of Rs. one crore. As such the interests of small units manufacturing these products have been taken care of. Considering the nominal rate of the levy and the need to do away exemption regime on individual products which is incompatible with a simple, equitable and rational tax structure, it would not be desirable to resort to product specific exemptions.

The request made by Acrylic Fibre Manufacturers is for reduction of import duty on raw materials used to manufacture acrylic fibre from 35% to 5% (para 18). The main raw material for the manufacture of acrylic fibre is acrylonitrile, which attracts a basic customs duty of 15% *ad valorem*. Thus there does not appear to be any anomaly in the duty structure.

The Federation of All India Textile Manufacturers' Association have requested for the restoration of chamber based compounded excise duty on independent textile process houses. The Government have examined these representations and have introduced an optional compounded levy scheme for independent textile processing unit whose original value of investment in plant and machinery does not exceed Rs. 3 crore. This should take care of the genuine requirements of small and medium independent textile processing units.

#### **Reply from Central Board of Direct Taxes**

Government amendments to the Finance Bill, 2001 have amended the proposed due dates for filing of returns and the due dates are as under:

(a) Where the assessee is—

- (i) a company;
- (ii) a person (other than a company) whose accounts are required to be audited under this Act or any other law for the time being in force; or
- (iii) a working partner of a firm whose accounts are required to be audited under this Act or under any other law for the time being in force, the 31st day of October of the assessment year.

(b) In the case of a person to other than a company referred to in the first proviso to sub-section (1) of section 139, the 31st day of October of the assessment year;

(c) In case of any other assessee, the 31st day of July of the assessment year.

II. The amendment requiring the funds, trusts or institutions to publish their accounts in a local newspaper was proposed with a view to promote transparency in the functioning of the institutions etc. By publication of accounts, people in the local area will form an informed opinion about working of these institutions and any wrong doing on their part will be open to public criticism. However to mitigate hardship to smaller trusts, funds or institutions, it has been provided that the requirements of publication is only for those trusts etc. whose gross receipt during the year exceeds Rs. one crore. The necessary amendment for this has been carried out through Government amendment to the Finance Bill, 2001.

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F. No. H-11013/5/2001-Parl. dated 5 November, 2001]

**Recommendation (Sl. No. 9, Para No 46)**

The Committee observe that the Department has restarted to steep hike in the budgetary outlays under this head at Revised Estimates stage since 1995-96 and the allocations were grossly under utilised to the tune of Rs. 6.3 crore, Rs. 1.3 crore, Rs. 12.9 crore, Rs. 8.5 crore and Rs. 20 crore during 1995-96, 1996-97, 1997-98, 1998-99 and 1999-2000 respectively. The Committee are at a loss to understand why the Department has not been able to assess the internal needs accurately even at RE stage year after year. The reply given by Government that the increase in office expenses to the tune of Rs. 100 crore which was necessitated for development of infrastructure for mobilising collection of tax revenue, fails to satisfy the Committee in the absence of the relevant details. The Committee seriously view the lapse on the part of the development to project the requirements towards the payment of revised salaries even at RE stage accurately. They also view with concern the steep hike in the total outlays under this head. The Committee, therefore, desire that the Department should closely monitor the utilisation patterns of outlays by the 75 budgetary authorities at regular intervals with a view to inculcate austerity and economy measures and undertake in-depth scrutiny of the proposals forwarded by the field offices.

**Reply of the Government**

The observation of the Committee regarding monitoring utilisation patterns of outlays by the budgetary Authorities at regular intervals have been noted for compliance and the proposals received from the field offices will be scrutinised deeply by the Department.

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F. No. H-11013/5/2001-Parl. dated 5 November, 2001]

**Recommendation (Sl. No. 10, Para No. 53)**

The Committee are concerned to note that despite the claim made by the Department about the implementation of policy initiatives and constant monitoring, the backlog of refund claims have been increasing at an alarming rate year after year since 1996-97. Further, the Committee are deeply perturbed to find that the revenue outgo paid towards the interest payment on refund claims has burdened the exchequer to the tune of Rs. 1727.12 crore and 1144.39 crore during 1998-99 and



1999-2000, respectively. They are of the view that there is an urgent need to accord priority for the expeditious disposal of refund claims and lighten the interest burden thereon. To achieve the said desired ends they urge that the pace of computerization should be further quickened, the facility to issue refunds through Electronic Clearing Service expended to all cities and targets fixed for the disposal of refund claims Commissionerate wise and same should be monitored closely. They also desire that the extent of adherence to the instructions issued to implement Citizen's Charter at field level and the performance of Grievances cells under Chief Commissioners of Income Tax (CCITs) be closely monitored at regular intervals by the Board for achieving tangible results.

#### **Reply of the Government**

The Ministry has noted the observations of the Standing Committee. To ease out the position of refund claims and to bring it to a minimum level a strong emphasis is being laid on computerization of the whole set of the assessment procedure beginning from processing of return to the disposal of the refund claims. At present, the Income Tax offices in Delhi, Mumbai and Chennai are connected on income-tax network and the network will be expanded first to 57 major cities within next three months and thereafter, to the remaining 418 cities where Income Tax offices exist at present. The procedure so adopted and further by way of Electronic Clearance Scheme, which is being implemented in a phased manner, the refund will be created automatically to the bank accounts of the individuals. The system so adopted will speed up the processing of return and also the fund claims. The electronic clearing scheme would help a long way in disposal of the refund claims. The quick finalisation of the refund claims would also minimize the payment of interest on that account. It is expected that with full computerisation the delay in issue of refund will be reduced considerably. With the computerization of Income Tax offices the claims are being processed and disposed at a very fast rate and the amount of interest on refunds has declined from Rs. 1727.12 crore during 1998-99 to Rs. 1144.39 crore during 1999-2000 and the same will be minimized on the completion of computerization.

2. The target of refund is already under monitoring by the Board, as every Chief Commissioner has to send a report on monthly basis. Further lot of significance is given to the Citizen's Charter and the refunds are being issued in a chronological order.

3. Further in cases of grievance, there is a help line functioning in the Income Tax offices wherein a Commissioner of Income Tax monitors the grievances of the assesseees and thus, helps the assesseees in such matters.

4. There has been a major restructuring in the Department as part of Administrative Reforms with the result that the administrative units of the functioning of the Department are smaller, each headed by a Joint Commissioner/Additional Commissioner which will be more functionally efficient in disposal of grievances and expediting of refunds.

5. The Board has taken a formal decision to introduce issue of refunds through Electronic Clearance Scheme of the Reserve Bank of India.

6. Electronic Clearance Scheme is expected to be implemented in a phased manner starting with cities where networking of computers is complete, subject to resolution of above issues. In view of the same, in the new return form, the assesseees are asked to indicate their bank account particulars, wherein the refunds can be credited automatically straight into their bank accounts if refund arises.

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F. No. H-11013/5/2001-Parl. dated 4 December, 2001]

**Recommendation (Sl. No. 13, Para No. 75)**

The Committee observe that despite progressively downsizing the Budgetary Estimates at RE stage, the outlays were grossly under utilised to the tune of Rs. 98.69 lakhs, Rs. 12.56 crore, Rs. 7.63 crore, Rs. 7.2 crore and Rs. 8.6 crore during 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000 respectively. The Committee are deeply perturbed to notice that though adequate funding has been made to meet the infra-structural needs for surveillance over high seas from the limited scarce resources of the exchequer the same have been idly locked up year after year. The Committee are of the view that under utilisation of funds on account of non-finalisation of certain procurement proposals of machinery and equipment reflect the inability and lack of keen interest on the part of the Department to foresee and project the requirements at the mid-year review stage realistically year after year. The callous attitude of the Department on the budgetary front calls

for a serious review of the system in operation. The Committee, therefore, desire that all out efforts should be sincerely made to project the estimates realistically.

### **Reply of the Government**

The observations of the Committee are noted for compliance in future. Instructions have been issued to all the Commissionerates/ Directorates to be more scrupulous in projecting their budgetary requirements realistically.

They have been advised to ensure that the procurement proposals are finalised in time and funds available for the purpose are utilised during the year itself. Further, utmost care is to be taken to ensure that the estimates made are based on the actual requirements so as to avoid under-utilization of the sanctioned grant.

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F. No. H-11013/5/2001-Parl. dated 4 December, 2001]

### **Recommendation (Sl. No. 14, Para Nos. 6.81, 82 & 83)**

The Committee are concerned to note that the Department has been repeatedly resorting to steep downward revision of the Budgetary provisions earmarked for the procurement of ready built residential accommodation at RE stage year after year since 1996-97. The Committee are informed that the procedure to procure the ready built accommodation is quite lengthy which involves obtaining of clearance from Negotiation Committee, Committee on Non-plan Expenditure, authorities like CPWD etc. The Committee fail to appreciate the reasons forwarded for steep downward revision and gross under utilisation which have been happening under this head since 1996-97. They are of the opinion that had the Department undertaken serious review of the proposals to purchase ready built flats with desired insight and had pursued and monitored the goals set at BE/RE stages with greater vigour, locking up of huge budgetary grants unnecessarily could have been avoided. The Committee take serious note of the apathetic attitude of the Department in fixing realistic estimates and recommend that every effort should invariably be made to utilise the budgeted amounts within the financial year itself and steps taken to inculcate financial prudence within the Department for fixing realistic estimates.

The Committee also observe that scant regard has been paid to abide by the estimates made at RE stage under the object head of purchase of Ready built Non-Residential Accommodation and the over-utilisation of funds spanned to the tune of Rs. 3.70 crore, Rs. 18 lakhs and Rs. 94.6 lakhs during 1996-97, 1997-98 and 1999-2000 respectively. They are of the view that repeated failure to project realistic estimates year after year even at RE stage amply highlight the casual approach followed within the Department while making the budgetary projections and the same calls for further explanation. The Committee, therefore, recommend that in order to bring in an objective assessment into the whole exercise that the budgetary authorities are responsible for, the Department should scrupulously ensure that the estimates are reviewed thoroughly both at BE and RE stages every year.

Primarily to reduce the rising recurring expenditure towards that payment of rent of the exiting offices of Customs and Central Excise Commissionerates, the Committee desire that henceforth, the procurement policy of ready built non-residential accommodation for office purpose should be further extended to purchase of premises for the existing offices also.

#### **Reply of the Government**

In order to avoid repeated downward provisions in the budgetary allocation earmarked for the procurement of ready-built residential and non-residential accommodation at RE stage, the Department from now onwards shall bring in an objective assessment into the whole exercise by ensuring that the estimates are reviewed thoroughly before BE and RE stages every year. Besides, as recommended by the Commission, the Department shall explore the possibility of attaining ready-built non-residential buildings for office purpose to reduce the rising recurring expenditure towards payment of rent of the existing offices of Customs and Central Excise Commissionerate under CBEC. Thus, in order to prepare realistic estimate as well as to avoid hiring of office premises, the Department will ensure the steps after active liaison with the field formations under CBEC for which, they are being addressed.

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F. No. H-11013/5/2001-Parl. dated 5 November, 2001]

### **CHAPTER III**

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

##### **Recommendation (Sl. No. 1, Para No. 4)**

The Committee are pained to observe that the Budget Estimates earmarked to meet the office expenses of Enforcement Directorate have been underutilised to the tune of Rs. 77.7 lakhs and Rs. 70 lakhs during 1997-98 and 1998-99 respectively reportedly due to non-purchase of additional vehicles during the said two years and non-supply of the technical and operational equipment the underutilization of funds allocated have taken place. They also find that the budgetary provisions made at RE stage during 1999-2000 were underutilized due to non completion of various jobs assigned to CPWD in time.

In view of the fact of overutilisation during 1995-96 and 1996-97 and underutilization of the provisions in the subsequent years, the Committee strongly feel that the Estimates under this head are prepared in a casual way and desired seriousness is not paid to accomplish the tasks well within the respective financial years as envisaged at BE and RE stages. They, therefore, recommend that henceforth the office of Enforcement Directorate should make sincere efforts to project realistic estimates and scrupulously follow the targets fixed for the year.

##### **Reply of the Government**

The observations/recommendations of the Standing Committee have been noted and all the Budgetary Units in the Department of Revenue are being instructed to project their Budgetary requirements realistically.

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F. No. H-11013/5/2001-Parl. dated 5 November, 2001]

##### **Recommendation (Sl. No. 2, Para No. 7)**

The Committee regret to point out that the budgetary provisions earmarked for the payment of rent for hired buildings have been underutilized for three years since 1996-97. The Committee fail to

understand why the Government has been failing to assess the rent needs accurately year after year when the detailed terms and conditions about revision of rent are mentioned in the lease agreements clearly. The Committee are of the strong opinion that the concerned officials responsible for enforcing agreements, have been faulting in their tasks resulting in under and overutilisation of funds under this head. The Committee, therefore recommend that the revision of rent of the hired premises should be carried out timely so as to avoid under/overutilisation of budgetary provisions allocated at BE and RE stages.

#### **Reply of the Government**

The observations/recommendations of the Standing Committee have been noted and all the Budgetary Units in the Department of Revenue are being instructed to project their Budgetary requirements realistically.

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F. No. H-11013/5/2001-Parl. dated 5 November, 2001]

#### **Recommendation (Sl. No. 8, Para No. 42)**

It has been observed that the Revised Estimates under this head were underutilised in 1998-99 and overutilised in 1999-2000 to the tune of Rs. 68.1 lakhs and Rs. 1.17 crores, respectively. The steep underutilisation and glaring overutilisation of funds highlight the fact that the utilisation of funds by the Department have not proceeded as per the course envisaged at BE and RE stages. The committee are of the considered opinion that the estimates submitted by the budgetary authorities were included in the budgetary estimates without thorough scrutiny and vetting. Hence, they desire that clear guidelines should be issued to all concerned, outlining the factors that should be taken care of prior to forwarding an estimate to the department. A case to case scrutiny of the proposals submitted should also be invariably undertaken to project estimates realistically.

#### **Reply of the Government**

The expenditure under this head (Minor Works) is incurred on electrical and civil items of repair and maintenance on the buildings housing Income Tax Department. It may be relevant to mention that earlier the maintenance of all buildings housing Income Tax Department was done by CPWD from their own budget. However, from financial

year 1997-98, the centralised budgetary system for repair and maintenance was discontinued by CPWD in respect of buildings acquired as ready built accommodation directly by the Department. Accordingly, provisions made were in the Budget of the Department to meet repair and maintenance of above said buildings.

In the years under consideration, the Budget Estimates, Revised Estimates and Actual Expenditure increased/decreased as per the requirements projected by the budgetary authorities. However, with a view to ensure that the estimates are made more accurately, the concerned budgetary units have been advised to make realistic estimates especially while giving the forecast for the Revised Estimates. Nevertheless, it may be worthwhile to mention that this item of expenditure is quite small in the overall budget of the Department and some variations cannot be ruled out due to irregular nature of the repair and maintenance activity.

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F. No. H-11013/5/2001-Parl. dated 5 November, 2001]

**Recommendation (Sl. No. 11, Para No. 58)**

The Committee are deeply pained to observe that the Budgetary provisions earmarked at Revised Estimates stage to purchase ready built office accommodation have been grossly underutilised to the tune of Rs. 13.2 crore, Rs. 11.2 crore, Rs. 14.12 crore, Rs. 19 crore and Rs. 35.2 crore during 1995-1996, 1996-1997, 1997-1998, 1998-1999 and 1999-2000, respectively. The reasons adduced by the Department that though confirmed estimates were projected for the requirement of funds for various projects, the same could not materialised after close scrutiny of various proposals, leave a clear impression on the Committee that the exercise of preparations of Budget Estimates is not accorded due seriousness. The Committee are also perturbed to note that there has been gross variation between Budget Estimates, Revised Estimates and actuals since 1995-1996 under the head meant for purchase of ready built residential buildings. The Department has extended similar reasons as mentioned above for the gross variations noticed under this head.

With a view to maintain the tenets of objectivity and promote the required financial prudence, the committee desire that the Govt. should endeavour to streamline the functioning of budgetary authorities responsible for the scrutiny of the estimates and proposals at the

reviewing level and every effort should invariably be made to project the estimates realistically.

### **Reply of the Government**

It is a fact that there have been wide variations between the Budget Estimates, Revised Estimates and Actual Expenditure during the financial years from 1995-96 to 1999-2000 under the head 4059 (Purchase of ready built office accommodation) and 4216 (Purchase of ready-built residential buildings). However, the same is inescapable because of the inherent nature of the procedures involved in purchase of ready built properties.

In respect of most of the proposals, the payments are to be made immediately after finalisation as the sellers have already invested considerable amount in the ready built property being offered. The budget provision can be made only at the stage of finalisation of budget estimates (and only in exceptions cases by supplementary demands). The exercise of framing of budget estimates of a particular F.Y. is done during August-September of the year preceding that F.Y. At that stage, the proposals to be considered in the next F.Y. are at initial stages of advertisement/scrutiny of proposals received in response to the advertisement. Only after selection of proposal, the certificates of cost reasonableness (from CPWD), certificate of confirmation with the specifications (from CPWD), structural soundness certificate etc. are obtained. Only after that the proposal is considered by the Negotiating Committee and thereafter by Committee on Non-Plan-Expenditure (CNE).

Obtaining the certificates and consideration of the proposal by Negotiating Committee and CNE are time taking requirements. Some of the proposals are finalised only in the next F.Y. Some of them are rejected on account of non-furnishing of certificates. Some proposals are rejected by the Negotiating Committee or CNE. Rejection at any stage leads to non-utilisation of grant and wide variations between BE and actuals.

Another factor, which accounts for wide variations, is that only few large proposals account for the whole budget. By very nature of these heads, the proposals are available only from metros where there are ready built buildings and houses are readily available. In smaller



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places, there is no such ready availability of ready built properties. Hence, the proposals are mostly limited to metros and other big cities. Since, the Income Tax Department suffers from large deficiencies of office space and quarters at these places, the requirements being advertised are large and hence the proposals are large. Rejection of even few proposals results in considerable variations.

It may be seen that the Department is making efforts to include the proposals in the Budget Estimates only when the same are at an advanced stage of processing and have been sent to Board and shown to Integrated Finance Unit. Besides Chief Commissioners are requested to project demands of only those proposals which are likely to be finalised. Further, at the time of finalisation of budgetary estimates, efforts will be made to include only those proposals which are likely to be finalised. However, because of the following factors, variations in BE, RE and actuals cannot be ruled out:—

1. Requirement of immediate payment of full amount of finalisation of proposal as the sellers have huge amounts already invested in the ready built properties being considered for purchase.
2. Availability of only few proposals of large amount so rejection of some of the leads to wide variations.
3. Long process of finalisation of proposals which is time taking.
4. Non-flexibility in the budget exercise whereby subsequent grants are not available if not already budgeted for (revised estimates are being subjected to 10% mandatory cut and provision by supplementary demand is mostly subject to availability of savings which cannot be predicted).

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F.No. H-11013/5/2001-Parl. dated 5 November, 2001]

## **CHAPTER IV**

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

#### **Recommendation (Sl. No. 5, Para No. 27)**

The Committee observe that despite the contention of the Ministry of Finance that the measures underway to widen the tax base through one by six scheme have reaped enormous successes and achieved desired results, about 96 percent of the new assessee amongst non company assessee is accounted for in the low income range of upto Rs. 2 lakh while about 75 percent in the case of corporate assessee is in the income range below Rs. 5 lakh. They are of the view that unless slab-wise income statistics of new assessee are generated and the resultant revenues accrued from these assessee are compared with the additional revenue collections since the adoption of this scheme, the contention advanced by the Government cannot be accepted carte-blanche. They, therefore, desire that generation of income statistics slab-wise should be seriously pursued forthwith.

#### **Reply of the Government**

The Committee's recommendation that slab-wise income statistics of new assessee should be generated, has been noted for compliance. It is stated that the Income Tax Department is in the process of being fully computerized. It would then be possible to generate income statistics slab-wise and tax accrued thereon.

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F.No. H-11013/5/2001-Parl. dated 5 November, 2001]

#### **Comments of the Committee**

Please refer Para No. 13 of Chapter I of the Report.

#### **Recommendation (Sl. No. 7, Para No. 39)**

The Committee are deeply concerned to note that though the comprehensive computerisation of income tax operation have been made part of Annual Action Plan of the Central Board of Direct Taxes

(CBDT) since 1998-99, the funds allocated to implement the programme remains under utilised to the tune of Rs. 38.35 crore and Rs. 4.8 crore during 1998-99 and 1999-2000 respectively. The Committee are of the opinion that failure on the part of Department to implement the programme within the fixed time frames would only further delay the implementation of whole array of allied tasks closely linked with this programme such as expeditious disposal of refund claims, tracking the slippages of revenue collection, cross checking the PAN details of the assesseees, pursuing the stop-filers and non-filers etc. and the same can become a grave bottlenecks if not tackled in time. They, therefore, recommended that precedence of first order should be accorded for the expeditious implementation of the programme of computerisation of Income Tax Operations.

### Reply of the Government

The Committee has expressed their concern on the under utilisation of funds, it is however, observed that the amount of under utilisation indicated is not correct which would be evident from the table given below which gives the utilisation of funds under the head "Computerisation":—

Year	As per the Committee			As per our record		
	Revised Estimates (Rs. in '000)	Actuals (Rs. in '000)	Amount of under utilization (Rs. in '000)	Revised Estimates (Rs. in '000)	Actuals (Rs. in '000)	Amount of under utilization (Rs. in '000)
1995-96	92,000	66,230	25,770	69,411	66,526	2,885
1996-97	102,600	97,374	5,226	100,000	94,469	5,531
1997-98	442,615	394,155	48,460	402,050	402,050	0
1998-99	593,280	209,710	383,570	389,450	206,628	182,822
1999-2000	452,900	404,174	48,726	410,000	399,851	10,149
Total	1,683,395	1,171,643	511,752	1,370,911	1,169,524	201,387

From the above table it would be seen that the amount of under utilisation, under the head "Computerisation" during 1998-99 and 1999-2000 was Rs. 18.28 crore and Rs. 1.01 crore and not Rs. 38.35 crore and Rs. 4.8 crore respectively as indicated by the Committee. As far as non-utilisation of Rs. 18.28 crore during 1998-99 is concerned, the

same was on account of the fact that the Personal Computers ordered, on start of supplies, were found not to be meeting the specifications. Therefore, the payments of Rs. 18.28 crore were not made. Supplies as per specifications were received and payments were made during 1999-2000.

The recommendation of the Committee regarding precedence of first order for the expeditious implementation of computerisation programme is noted for compliance in future.

As far as the status of computerisation is concerned, the notable achievements are:—

- (i) 7708 PCs have been provided to officers to the level of Income Tax Officers spread over 465 towns/cities.
- (ii) All the PCs are being put on network 5256 PCs in 151 buildings are on Local Area Network (LAN), out of which 5034 PCs in 36 cities are connected on Wide Area network (WAN). The remaining users are also being put on LAN/WAN through dedicated leased lines and/or ISDN lines to enable them to work on line.
- (iii) Nine integrated application system have already been installed at all 36 Regional Computer Centres (RCCs) and are in advanced stages of implementation.
- (iv) 28426 employees have been imparted training.

The Action Plan for the year 2001-2002 is as under:—

- (i) Carry out a systems analysis study of the entire computer resources in the Department to suggest short term and long term measures to achieve complete computerisation.
- (ii) A governance model identifying the roles and responsibilities of the various authorities with the Department will be set out for effective implementation of the Computer programmes.
- (iii) The present 36 Computer Centres (CCs) will be consolidated into 16 RCCs. The sizing of hardware for the re-structured RCCs will be expedited.
- (iv) Upgradation of Oracle version 1.3.4. version 8i.

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- (v) Providing of PCs to all officers up to ITO level as per the revise cadre strength.
  - (vi) Providing of PCs to staff of each officer.
  - (vii) Connecting all the PCs through LAN/WAN.
  - (viii) Steps will be taken to place an Enterprise Management Software to manage TAXNET the network of the Income Tax Department.
  - (ix) Put in place a security software with firewall to ensure security of the systems and databases from unauthorised access.
  - (x) Steps will be taken to join Electronic Clearance Scheme (ECS) of the RBI to cut down volume of data entry and eliminate delays in encashment of refunds.
  - (xi) Setting up of a web site offering basic information relating to Direct Taxes including latest circulars, return forms etc. Subsequently, E-mail facility will also be extended to the taxpayer.

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F. No. H-11013/5/2001-Parl. dated 5 November, 2001]

#### **Comments of the Committee**

Please refer Para No. 17 of Chapter I of the Report.

## **CHAPTER V**

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

#### **Recommendation (Sl. No. 6, Para Nos. 33 & 34)**

The Committee observe that though the number of references to Valuation Cell have been coming down significantly over the years, the total number of cases pending at the end of the year have been increasing since 1995-96, except during 1998-1999. The Committee strongly believe that efficient functioning of Valuation Cells have a positive overbearing on the performance of the Scheme of Pre-emptive purchase of Immovable properties by the Central Government. The Committee strongly feel that the proposal to fix annual output norms in the case of District Valuation Officers is an appropriate step to streamline the functioning of Valuation Cells and should be favourably considered for implementation at the right earnest. The Committee are also of a strong belief that proliferation of black money should be checked by all means as the same has a tendency to whittle down the credibility and efficient functioning of the entire system. They, therefore, while reiterating their earlier recommendation on extending the Scheme of Pre-emptive Purchase of Immovable Property by Central Government to other cities, desire that Govt. rather than being complacent by initiating half hearted measures should sincerely make efforts to extend the Scheme to other cities as well.

Despite the instruments such as Survey, Search and Seizure operations at the command of the Department of Revenue, the fact remains that the unaccounted income in the economy has grown in size over the years. The frequent amnesty schemes are the explicit admission of the failure of the department in this respect. The Committee, recommend that in order to ascertain the flow and stock of unaccounted wealth in the economy and to suggest ways and means to check its proliferation, an expert group should be constituted and assigned the task to conduct a comprehensive study, within, three months of presentation of this report.

### **Reply of the Government**

As regards the Committee's recommendation that the proposal to fix annual output norms in the case of District Valuation Officers should be favourably considered for implementation at the right earnest, it is submitted that the proposal for the revision of annual output norms has already been approved and the same will be implemented in the current financial year itself.

As regards the Committee's recommendation of extending the Scheme of Pre-emptive Purchase of Immovable Property to other cities, it is stated that the matter is under consideration of the Government. As recommended by the Standing Committee, an expert group has been constituted for conducting a comprehensive study to ascertain the flow and stock of unaccounted wealth in the economy and to suggest ways and means to check its proliferation.

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F. No. H-11013/5/2001-Parl. dated 5 November, 2001]

#### **Recommendation (Sl. No. 12, Para Nos. 70, 71 & 72)**

The Committee note that the share of services in GDP had increased from around 41 percent in 1980-81 to almost 51 per cent in 1998-99. They are perturbed to find that the Government managed to tap only a fraction of the potential from the services sector. As against a total potential of Rs. 1,42,612.60 crore between 1994-95 and 1998-99 (at the rate of 5 per cent of total GDP from services of Rs. 28,52,252 crore), the Government managed to collect only Rs. 5,690.33 crore which was less than four per cent of the existing potential. Adding further gravity to the issue is the fact that 72 per cent of the total collections come from state owned service providers namely telephone and insurance services. They are of the view that the growth trend observed in service sector is indicative of a shift of consumption expenditure from manufacturing to value added services which is generally associated with the process of economic development. This structural transformation has long term fiscal implications. Failure to tax adequately this significant proportion of the consumption spending could result in adversely affecting elasticity of indirect tax revenues which is already under pressure due to substantial reduction in Customs Tariffs and rationalisation of excise duty structure. They, therefore, recommend that instead of adopting *ad hoc* measures to

capture a few segments/sub-segments of the service sector under the tax net, the Government should make sincere and concerted efforts the comprehensive coverage of the service sector under the tax net."

"The need for an independent Act on Service tax gains credence from the nature of permanency of levy of service tax in the realm of resource mobilisation, its expanding coverage and promising revenue yielding capacity. The Committee are of the considered opinion that revenue collections from the tax levied depend to a large extent on legislative and administrative support. Hence, they desire that the Government should introduce an independent Act on Service tax with a view to bringing multitude of service providers including self employed persons under the tax net and vesting the revenue authorities with punitive powers which are at par with administration of other taxes and levies."

Despite the recommendation of the Tax Reforms Commission and Expert Group on Service tax that levy on services should eventually be integrated with Central Excise duties, the Govt. seems to be reluctant to concur with the idea *per-se*. Keeping in view the inbuilt tax buoyancy of services and their increasing share towards the growth of GDP, the Committee recommend that incidence of taxation on services should be progressively increased to bring these at par with the CENVAT rate. They also desire that inclusion of PAN details in the ST-1 form should be given a serious thought to help the revenue authorities to cross check and correlate the facts and figures provided by the assesseees."

### **Reply of the Government**

Before imposing any tax, the Government have to take into account the legal, constitutional, economic and administrative aspects of taxation. The concept of service tax is new to the Indian economy. Considering the fact that the services sector is highly decentralised and in many cases non-tradable, the Government have adopted a cautious and selective approach in respect of this tax.

Further, when the concept of a taxation of services is new and the activity liable to tax is in the decentralised or informal sector, the resistance to the tax would be maximum and the compliance to the tax has to be built up over a period of time. It is also necessary to educate and prepare the tax payer with respect to the provisions and



procedures of taxation law in advance. For these reasons, so far the taxation of services has been extended in a selective and phased manner, with a low rate of taxation. However, the recommendations of the Committee have been taken note of for consideration.

Before introducing an independent Act on service tax, the Government will examine in detail all the legal and practical aspects of merging excise and service tax in one piece of legislation for comprehensive coverage

The recommendation for inclusion of Permanent Account Number (PAN) in the application form (ST-1) for registration of persons liable for paying service tax is appropriate and the same would be considered by the Government.

As regards the recommendation for progressively increasing the rate of tax on services and its merger with CANVAT, this will be examined carefully and appropriate action taken, keeping in view all relevant aspects of the matter.

[Ministry of Finance (Department of Revenue—Parliament Cell)  
F. No. H-11013/5/2001-Parl. dated 5 November, 2001]

NEW DELHI;  
13 May, 2002  
23 Vaisakha, 1924 (Saka)

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

MINUTES OF THE THIRTEENTH SITTING OF  
STANDING COMMITTEE ON FINANCE

The Committee sat on Thursday, 9 May, 2002 from 1600 hours to 1700 hours.

PRESENT

Shri N. Janardhana Reddy — *Chairman*

MEMBERS

*Lok Sabha*

2. Dr. Sanjay Paswan
3. Shri Ramsinh Rathwa
4. Shri Kharabela Swain
5. Shri Raj Narain Passi
6. Shri Rupchand Pal
7. Shri Varkala Radhakrishnan
8. Dr. Duggubati Ramanaidu
9. Shri Trilochan Kanungo
10. Shri Abdul Rashid Shaheen
11. Shri Prabodh Panda
12. Shri Surender Singh Barwala

*Rajya Sabha*

13. Shri Parmeshwar Kumar Agarwalla
14. Shri Murli Deora
15. Shri Prem Chand Gupta

SECRETARIAT

1. Shri R.K. Jain — *Deputy Secretary*

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. The Chairman then introduced the newly nominated Member Shri Surender Singh Barwala, MP to the Committee and congratulated Shri Prem Chand Gupta, MP on his Denomination to the Committee consequent upon his re-election to Rajya Sabha and welcomed them to the sitting of the Committee.

3. The Committee, thereafter, took up for consideration the draft report on action taken by Government on the recommendations contained in the Fourteenth Report on Demands for Grants (2001-2002) of Ministry of Finance (Department of Revenue) and after deliberations adopted the same with the following modification:

Page 6, Para 13, Line 5

*For* "stereotyped"

*Substitute* "casual"

4. The Committee, thereafter, authorised the Chairman to finalise the report in the light of above amendment and also to make consequential verbal changes and present the same to the Parliament.

5. As part of their ongoing examination of (i) Credit flow to agriculture—Crisis in rural economy and (ii) Crop Insurance, the Committee decided to undertake study tour to the States of Assam, West Bengal, Delhi, Punjab, Haryana, Himachal Pradesh and Union Territory of Andaman Nicobar Islands from 27 May to 7 June, 2002.

*The Committee then adjourned.*

## APPENDIX

(Vide Para 3 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE  
RECOMMENDATIONS CONTAINED IN THE FOURTEENTH  
REPORT OF THE STANDING COMMITTEE ON FINANCE  
(THIRTEENTH LOK SABHA) ON DEMANDS FOR  
GRANTS (2001-2002) OF THE MINISTRY OF  
FINANCE (DEPARTMENT OF REVENUE)

	Total	%of Total
(i) Total number of recommendations	14	
(ii) Recommendations/observations which have been accepted by the Government (Vide Recommendations at Sl. Nos. 3, 4, 9, 10, 13 & 14)	6	42.85
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies (Vide Recommendations at Sl. Nos. 1, 2, 8 & 11)	4	28.57
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendations at Sl. Nos. 5 & 7)	2	14.28
(v) Recommendations/Observations in respect of which final reply of the Government is still awaited (6 & 12)	2	14.28