

**Assessments relating to Agricultural Income**

**MINISTRY OF FINANCE**

**PUBLIC ACCOUNTS COMMITTEE  
(2021-22)**

**FORTY-NINTH REPORT**

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**SEVENTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

PAC NO. 2277

# **FORTY-NINTH REPORT**

## **PUBLIC ACCOUNTS COMMITTEE** **(2021-22)**

(SEVENTEENTH LOK SABHA)

### **ASSESSMENTS RELATING TO AGRICULTURAL INCOME**

**MINISTRY OF FINANCE**



*Presented to Lok Sabha on:*

05/04/2022

*Laid in Rajya Sabha on:*

05/04/2022

**LOK SABHA SECRETARIAT  
NEW DELHI**

March, 2022 /Chaitra, 1944 (Saka)

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**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(2021-22)**

**Shri Adhir Ranjan Chowdhury - Chairperson**

**M E M B E R S**

**L O K S A B H A**

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Shri Bhartruhari Mahtab
6. Shri Jagdambika Pal
7. Shri Vishnu Dayal Ram
8. Shri Pratap Chandra Sarangi<sup>1</sup>
9. Shri Rahul Ramesh Shewale
10. Shri Gowdar Mallikarjunappa Siddeshwara<sup>2</sup>
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

**R A J Y A S A B H A**

16. Shri Shaktisinh Gohil
17. Shri Bhubaneswar Kalita
18. Dr. C.M. Ramesh
19. Shri Sukhendu Sekhar Ray
20. Dr. M. Thambidurai
21. Shri V. Vijayasai Reddy<sup>3</sup>
22. Dr. Sudhanshu Trivedi<sup>4</sup>

**SECRETARIAT**

1. Shri T. G. Chandrasekhar - Joint Secretary
2. Shri Tirthankar Das - Director
3. Smt. Bharti S. Tuteja - Additional Director
4. Shri Girdhari Lal - Deputy Secretary
5. Ms. Pragya Nama - Assistant Committee Officer

<sup>1</sup> Elected w.e.f. 29.07.2021 vice Smt. Darshana Jardosh, MP appointed as Minister of State w.e.f. 07.07.2021.

<sup>2</sup> Elected w.e.f. 29.07.2021 vice Shri Ajay Kumar Mishra, MP appointed as Minister of State w.e.f. 07.07.2021.

<sup>3</sup> Elected w.e.f. 09.08.2021 vice Shri Rajeev Chandrasekhar, MP appointed as Minister of State w.e.f. 07.07.2021.

<sup>4</sup> Elected w.e.f. 09.08.2021 vice Shri Bhupender Yadav, MP appointed as Union Minister w.e.f. 07.07.2021.

**COMPOSITION OF THE SUB COMMITTEE-IV (FINANCE) OF PAC**  
**(2021-22)**

- |    |                                    |   |                    |
|----|------------------------------------|---|--------------------|
| 1. | <b>Shri Adhir Ranjan Chowdhury</b> | - | <b>Chairperson</b> |
| 2. | Shri Bhartruhari Mahtab            | - | Convenor           |
| 3. | Shri Subhash Chandra Baheria       | - | Member             |
| 4. | Dr. C.M. Ramesh                    | - | Member             |
| 5. | Dr. M. Thambidurai                 | - | Member             |
| 6. | Shri V. Vijayasai Reddy            | - | Member             |

## INTRODUCTION

I, the Chairperson, Public Accounts Committee (2021-22) having been authorised by the Committee, do present this Forty-ninth Report (Seventeenth Lok Sabha) on "Assessments relating to Agricultural Income" based on Chapter V of C&AG Report No. 9 of 2019 relating to the Ministry of Finance.

2. The C&AG Report No. 9 of 2019 was laid on the Table of the House on 30.07.2019.

3. Public Accounts Committee (2021-2022) selected the aforesaid subject and allocated the same to Sub-Committee – IV (Finance) for examination and Report.

4. The Sub-Committee-IV (Finance) of Public Accounts Committee (2021-22) took briefing by Audit on 08.09.2021. Thereafter, Sub-Committee took oral evidence of the representatives of the Ministry of Finance (Department of Revenue) on the aforementioned subject on 15.09.2021.

5. The Sub-Committee-IV (Finance) of PAC first considered and adopted the Draft Report on the aforementioned subject at their sitting held on 03.03.2022. Then the Draft Report was placed before the Main Committee for consideration and adoption. The Committee adopted the same at their sitting held on 28.03.2022. The Minutes of the sittings are appended to the Report.

6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type and form Part- II of the Report.

7. The Committee would like to express their thanks to the representatives of the Ministry of Finance for tendering evidence before them and furnishing the requisite information to the Sub-Committee-IV (Finance) in connection with the examination of the subject.

8. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

NEW DELHI;

31 March, 2022

10 Chaitra, 1944 (Saka)

ADHIR RANJAN CHOWDHURY

Chairperson,

Public Accounts Committee

## PART-I

### **A. Introductory**

The C&AG Report No. 9 of 2019 for the year that ended on March 2018 contains significant results of the compliance audit of the Department of Revenue-Direct Taxes of the Union Government and Chapter V of the Report deals with "Assessments relating to Agricultural income"

2. Public Accounts Committee (2021-2022), decided to examine Para nos. 5.9.2, 5.9.3, 5.9.4 and 5.9.5 of this Chapter V of aforesaid C&AG Report which deal with the subject "Exemption without verification of supporting documents"; "Incorrect reflection of agricultural income in ITD Database"; "Status of Verification by the Department: and "Compliance issues – Mistakes in Assessments" and allocated the same to one of their Sub-Committees viz. Sub-Committee – IV (Finance) for examination.

3. The Sub-Committee - IV (Finance) of the Public Accounts Committee (2021-22) considered the subject for detailed examination, took oral evidence of the representatives of Ministry of Finance (Department of Revenue) and obtained written replies on the same. Based on the oral evidence and written replies, the Sub-Committee examined the subject in detail.

4. Article 366(1) of the Constitution provides that the expression 'agricultural income' in the Constitution means agricultural income as defined for the purpose of enactments relating to Indian Income Tax. As per section 2(1A) of the Income Tax Act, 1961 (the Act) 'agricultural income' means (a) Any rent or revenue derived from land which is situated in India and is used for agricultural purposes; (b) Any income derived from such land by agricultural operations including processing of agricultural produce so as to render it fit for market or sale of such produce; (c) Any income attributable to a farm house subject to fulfillment of conditions specified in the Act; and (d) Any income derived from saplings or seedlings grown in a nursery. As per section 10 (1) of the Income Tax Act, 1961, agricultural income is exempted from tax. Taxes on agricultural income fall under Entry 46 in "State List" under the Constitution of India. Thus, only the State Governments are competent to enact legislations for taxation of agricultural income. The Central Government cannot levy income tax on agricultural income. However, agricultural income is considered for rate purposes while determining the income tax liability viz. the rate of tax applicable to other taxable income of Individuals, Hindu Undivided Families (HUF), Association of Persons (AOP), Bodies of individuals (BOI) and artificial juridical persons. Exemption under the Income Tax law may be claimed as agricultural income, income from sale of agriculture land, income earned as compensation received from government for acquiring the agriculture land etc.

5. According to Audit, the Department of Revenue through their Assessing Officers(AOs) are required to satisfy themselves that the assesseees were eligible for allowance of the exemption claimed under section 10(1) read with section 2(1A) of the Act. This exemption claimed is indicated under Schedule EI of the ITR filed by the assesseees. Section 143(3) of the Act dealing with detailed scrutiny envisages that after hearing the evidence produced by the assessee and such other evidence as the AO may require and after taking into account all relevant material which he has gathered, the AO shall, by an order in writing, make an assessment of the total income of the assessee, and determine the sum payable by him or refund of any amount due to him on the basis of such assessment. Thus, AOs are mandated by law to assess the income of the assessee and determine the tax payable by/refundable on the basis of such assessment. Different types of claims together with accounts, records and documents enclosed with the return are required to be examined in detail in scrutiny assessments. For the purposes of computing the net agricultural income of the assessee, the AO shall have the same powers as he has under the Income Tax Act for the purposes of assessment of the total income. Further, as per the Manual of Office Procedure, the Minutes of a case posted for hearing by issuing a notice during assessment proceedings under section 143(2) or 142(1) or 131 etc. must be entered with date, in the order-sheet. The entry should cover, *inter alia*, the names of the persons attending the hearing on behalf of the assessee and their occupations, documents produced, (specifying documents examined and returned and documents filed), documents called for, Issues discussed and re-posting, if any. Documents produced by the assessee (except those to be returned) must be filed in the MR. Thus, detailed scrutiny as prescribed in law involves not only a detailed examination of records but also the maintenance of proper record of the documents etc. scrutinized in arriving at the assessment order.

**B. Exemption without verification of supporting documents (Para 5.9.2)**

6. Audit scrutiny revealed that a review of the scrutiny assessments in the selected cases during the FY 2014-15 to FY 2016-17 indicated that in 1,527(22.5 per cent) out of 6,778 scrutiny assessments the claim of exemption on account of agricultural income was allowed without verification of supporting documents such as the land records, income and expenditure statements, crop information, proof of agricultural income and expenditure such as ledger account, bills, invoices etc. or no documentary proof in support of agricultural income claimed by the assessee was available in the assessment records to establish the veracity of the claim. It was noticed that out of 1,527 cases where documentation and verification by AO was inadequate, land records were not available in 716 cases (10.6 per cent) and proof of agricultural income and expenditure such as ledger account, bills, invoices etc. were not available in 1,270 cases (18.7 per cent)

7. When asked to specify the supporting documents that are required to claim exemption on agriculture income, the Ministry, in its written reply, stated as under:



“Supporting documents considered as required to claim exemption on agriculture income depend upon the facts and circumstances of the case including the amount of agricultural income claimed as exempt from the assessment year 2019-20. To ensure appropriate documentation and verification, details of exempt income in ITR has been made more exhaustive from AY 2019-20 onwards in order to capture elaborate details (eg. Name of district alongwith pin code in which agricultural land is located, measurement of agricultural land in acre, whether agricultural land is owned/held on lease, is irrigated/rain-fed) in case the net agricultural income for the year exceeds ₹ 5 lakhs. Documents generally seen, to allow the claim of the exemption on agriculture income, among others are *inter alia* Khasra & Khatauni, details of Expenditure to earn the agriculture income, sale invoices of crop sold, Documents relating to ownership/rights over the agricultural land, cash book and or bank statements of the assessee reflecting receipts on account of sale of agricultural produce, ledger accounts, bills and invoices.”

8. Further on being asked about the sources of information collected for ascertaining genuineness of claim of Agricultural Income as per Income Tax Act, the Ministry, in its written reply, stated as under:

“Information u/s 285BA is collected by Directorate of Income Tax(I&CI) from various sources, such as, Banks, Post Offices. Sub Registrar Offices (SROs) etc. Verification of such information, at times reveals, that source of cash deposit is explained as Agricultural Income or Agricultural income is reported in the form of sale of Agricultural Land etc. Prior to 02/12/2020, verification of such information used to take place in the said Directorate. After 02/12/2020, such verification has been discontinued in the Directorate of Income Tax (I&CI). Prior to 02/12/2020, upon verification of such information, verification report was provided in the form of Actionable Intelligence Report (AIR) to jurisdictional field officers, who would take appropriate action for identification of genuineness of claim of Agricultural Income as per Income Tax Act. Further, the Directorate of Income Tax (I&CI) executes issue based Special Pilot Projects (SPPs), of sample data. After prima-facie verification, the report is disseminated to field formations for taking action, as per law through Directorate of Systems.”

9. Twelve instances where exemption was allowed involving such discrepancies are illustrated by Audit as indicated below:

(a) Charge: Pr. CIT, Kottayam; AY: 2012-13;  
Agricultural Income allowed: ₹ 39 lakh

The AO allowed (February 2015) exemption of ₹ 39 lakh to the assessee for AY 2012-13 towards agricultural income earned from Rubber, Cardamom, Coffee and Pepper cultivated in 60 acres of land which included 15 acres of

coffee and 20 acres of pepper. As per the income statement for the year 2011-12 furnished by the assessee, the assessee had 60 acres of land against which assessee claimed agricultural income. However, as per the property details furnished by the assessee, the assessee had only 8.88 acres of land for coffee and 9.17 acres of land for pepper which had to be reconciled before allowing exemption. In the scrutiny assessment order, the discrepancy in property details or justification for considering the details as per the income statement was not mentioned.

(b) Charge: Pr. CIT-1, Madurai, Tamil Nadu:

AY: 2012-13;

Agricultural Income allowed: ₹ 68.16 lakh;

The assessee claimed and was allowed (March 2015) exemption of ₹ 68.16 lakh for AY 2012-13 towards agricultural income earned from Coconut, Drumstick, Chilli, Maize and Kanvalli seeds. As per the scrutiny assessment order, the books of accounts of agricultural income was verified and examined. The details were called for, discussed and agricultural income returned by the assessee was accepted. Audit examination revealed that though the assessee derived more than 85 per cent of income from the cultivation of Kanvalli seeds, yet the details such as total area of land from which Kanvalli Seeds were produced, yield per acre etc. were not available on records. Further documents/information such as Adangal account, Patta, etc. were also not available on records. As the details of records examined was not mentioned in the assessment order, whether the agricultural income on account of sale of Kanvalli seeds was verified by the AO could not be ascertained.

(c) Charge: Pr. CIT-1, Madurai, Tamil Nadu:

AYs: 2012-13, 2013-14 and 2014-15;

Agricultural Income allowed: ₹ 25.38 lakh, ₹ 25.38 lakh, ₹ 25.48 lakh

The assessee claimed and was allowed (March 2015, March 2016 and December 2016) exemption of ₹ 25.38 lakh ₹ 25.38 lakh and ₹ 25.48 lakh, for AYs 2012-13, 2013-14 and 2014-15 respectively towards agricultural income without obtaining and verifying the supporting documents such as sales invoices, agricultural expenses, land ownership/ rights to use the land and data such as crops cultivated, cultivated area, etc. As per the scrutiny assessment order for AYs 2012-13 and 2013-14, the details of agricultural activities and land holds were verified and examined and the agricultural income claims were accepted as returned. However, detailed documentation viz. land documents, Adangal, Patta, sales invoice etc. was not found available in the assessment records of both the years. Further, in the scrutiny assessment order for AY 2014-15, the AO has mentioned that the details

were called for and verified; however, documentary evidence was not found available in the assessment records.

(d) Charge: Pr. CIT-4, Kolkata, West Bengal;  
AY: 2012-13;  
Agricultural Income allowed: ₹ 1.90 crore

AO allowed (March 2015) exemption of ₹ 1.90 crore towards agricultural income without obtaining any records from the assessee except a statement of Agricultural income and expenses and without verifying the correctness and genuineness of the agricultural income. Although the details of various deductions and exemptions claimed by the assessee along with justification and evidence was called for vide notice issued under section 142(1)(November 2014), the scrutiny assessment order did not contain any reference to the claim allowed on account of agricultural income. Further there were no supporting documents available in the records to substantiate the claim allowed in the ITNS-150 to the assessee. Audit scrutiny further revealed that the assessee's claim of exemption of ₹ 2.19 crore for AY 2013-14 (March 2016) and ₹ 7.20 crore for AY 2014-15(December 2016) was disallowed as the assessee failed to produce any evidence for agricultural land holdings, details of sales of agricultural produce and agricultural expenses.

(e) Charge: Pr. CIT, Muzaffarpur, Bihar; AY 2014-15;

Agricultural Income allowed: ₹ 1.60 crore

The AO allowed (August 2016) exemption of ₹ 1.60 crore towards agricultural income accepting the claim on account of agricultural income made by the assessee. As per the notes in the assessment order, "Assessee derived a large amount of agricultural income during the financial year 2013-14 relevant to AY 2014-15. The genuineness of agricultural income was not examined during the assessment proceeding as in the past year the case of assessee for AY 2006-07 to 2011-12 was reopened under section 147 to examine the genuineness of agricultural income and the reason to believe that an income chargeable to tax has escaped assessment. The assessment under section 147 for different years was completed after proper enquiry and the agricultural income of the assessee was accepted". The AO concluded that the assessee had verifiable source to derive such large agricultural income based on revised assessment of earlier years. As such, the exemption for AY 2014-15 was allowed without obtaining and verifying the details such as land usage, transaction details of agricultural produce, purchase of seeds, fertilizers, labour/machinery use in agricultural activity.

(f) Charge: Pr. CIT, Cuttack, Odisha;

AY 2008-09;  
Agricultural Income allowed: ₹ 1.47 crore

The assessee's case was re-opened (March 2016) based on the report of ITO, Kullu Ward that no agricultural activities were carried out by the assessee during the previous year relevant to AY 2008-09. During the reassessment proceedings, the assessee claimed that he had acquired six acres of land on lease in Kullu district where apple was grown and another 32 acres at Solan District where tomatoes, onions, potatoes and capsicum were grown. Assessee further stated that no evidence could be produced by him about agricultural produce and expenses incurred on purchase of seeds, pesticides, fertilizers etc. However, the AO allowed exemption of ₹ 147.10 lakh as against the assessee's claim of ₹ 163.10 lakh for AY 2008-09 towards agricultural income after disallowing a portion of agricultural income to the extent of ₹ 16 lakh as bogus income stating as reason the following (a) the assessee had not produced any substantiating evidence other than Mandi Receipts of HP Agriculture Board, Shimla (b) while confirming the adhoc disallowance of ₹ 5 lakh made during the assessment proceedings for AY 2009-10, CIT (Appeal) mentioned the fact that assessee had submitted copies of lease agreement along with certificate issued by Mandi Samiti regarding sale of agricultural products like apples.

As per the assessment order the assessee had produced Mandi receipts for previous AY viz. AY 2007-08. It was further revealed that the assessee had not claimed any agricultural income during AY 2007-08 and the entire claim of agricultural income of ₹ 40 lakh for AY 2009-10 was disallowed during the assessment proceedings under section 143(3). Subsequently, CIT (Appeal) disallowed only ₹ 5 lakh from the agricultural income of AY 2009-10. Further, the assessee's claims of exemption for agricultural income for AYs 2010-11 to 2014-15 (₹ 37.05 lakh, ₹ 76.77 lakh, ₹ 57.26 lakh, ₹ 36.96 lakh and ₹ 40.26 lakh respectively) were disallowed as the assessee failed to produce any evidence to substantiate his claim.

g) Charge: Pr. CIT, Kozhikode, Kerala;

AYs: 2012-13 to 2015-16;

Agricultural Income allowed: ₹ 23.50 lakh, ₹ 22.03 lakh, ₹ 22.51 lakh and ₹ 23.01 lakh

The assessee offered revised claim of exemption of ₹ 23.50 lakh, ₹ 22.03 lakh and ₹ 22.51 lakh on account of agricultural income in the returns filed against the notice under section 148 issued after the survey under section 133A as against the earlier claim of ₹ 0.48 lakh, ₹ 4.03 lakh and ₹ 15.51 lakh respectively in the original returns for AY2012-13, 2013-14 and 2014-15. Also, the assessee claimed exemption of ₹ 23.01 lakh for AY 2015-16. Thus,

additional income was offered during the course of survey which was not considered by the assessee at the time of filing of return. Audit scrutiny revealed that the exemption was allowed (December 2015- 3 AYs and December 2016) in all the four Assessment years as claimed by assessee for which no documentary evidence was available in the assessment records.

(h) Charge: Pr. CIT, Hyderabad, Andhra Pradesh and Telangana;  
AY 2014-15;  
Agricultural Income allowed: ₹ 32.46 lakh

The assessee claimed and was allowed exemption (December 2016) of ₹ 32.46 lakh towards agricultural income earned from Banana Plantation based on the copies of land records and certificate issued by the jurisdictional Tahsildar on a plain paper that the assessee was in possession of the land and was in cultivation of Banana plantation, which would yield an annual income between ₹ 1.25 lakh to ₹ 1.50 lakh per acre. Despite the assessee's case having been taken up for limited scrutiny to verify agricultural income, even the statement of agricultural income indicating how the net agricultural income of ₹ 32.46 lakh was arrived at, was not found available. As per the Notes in the assessment order, the assessee was basically an agriculturist and was growing bananas. The assessee had furnished pattadar pass book in support of agricultural income. All the information was placed on record. However the detailed documentation in support of agricultural income claimed was not available on records.

(i) Charge: Pr. CIT-6, Bengaluru, Karnataka;  
AY: 2013-14;  
Agricultural Income allowed: ₹ 85.60 lakh

AO allowed (March 2016) exemption of ₹ 85.60 lakh towards agricultural income without verifying the cash deposits made in bank by the assessee out of the sale proceeds of agricultural produce. During the assessment proceedings, a sum of ₹ 9.45 lakh being the difference between the assessee's claim of agricultural income in cash flow statement (i.e.) ₹ 95.05 lakh and in the statement of computation of income (i.e.) ₹ 85.60 lakh was treated as unexplained income. As per the assessee's submission (March 2016) made in response to notice issued under section 143(2) of the Act (March 2016), the cash deposits in bank on account of sale of agricultural produce amounted to ₹ 2.56 crore which was substantially higher than the declared agricultural income of ₹ 85.60 lakh. However, the details of cash deposits as per submission of assessee was neither considered nor discussed in the scrutiny assessment order. Omission to verify the bank deposits as per assessee's submission, agricultural income and expenditure

statement had resulted not only in inaccurate allowance of exemption but also underassessment of 'income from other sources'.

(j) Charge: Pr. CIT-6, Bengaluru, Karnataka;  
AY: 2014-15;  
Agricultural Income allowed: ₹ 63.43 lakh

In this case the scrutiny assessment was concluded by determining income of ₹ 36.48 lakh and Agricultural Income of ₹ 63.43 lakh after disallowing eight per cent of agricultural income for non-production of vouchers/invoices. It was observed that as per computation, assessee had received agricultural income of ₹ 68.95 lakh whereas agricultural income as per cash book was ₹ 4.50 lakh only during the period 01 April 2013 to 31 March 2014, which indicated that the differential amount of ₹ 64.45 lakh relates to income from other sources. Failure to tax the same as income from other sources resulted in short computation of income by ₹ 58.93 lakh {₹ 64.45 lakh - ₹ 5.52 lakh disallowed in 143(3) order}, having tax effect of ₹ 24.22 lakh.

(k) Charge: Pr. CIT, Mysuru, Karnataka,  
AY 2014-15;  
Agricultural Income allowed: ₹ 9.99 lakh

Assessee claimed and was allowed (August 2016) exemption of ₹ 9.99 lakh towards agricultural income. It was observed from the capital account of assessee that he had received ₹ 116.27 lakh on transfer of agricultural land while the asset schedule did not disclose any agricultural land having been sold thereby suggesting that income from other activities was considered as agricultural income and exemption wrongfully allowed. The income should have been treated as income from other sources and taxed. Omission to do so had resulted in short computation of income with a tax effect of ₹ 35.93 lakh.

(l) Charge: Pr.CIT-1, Raipur, Chhattisgarh,  
AY: 2012-13;  
Agricultural Income allowed: ₹ 109.06 lakh

Assessee claimed and was allowed (March 2015) exemption of ₹ 109.06 lakh (sale consideration of ₹ 110.65 lakh minus cost of acquisition of ₹ 1.59 lakh) towards the profit earned on transfer of an agricultural land. Neither the documents in support of fulfilment of conditions stipulated in Explanation 1 under section 2(1A) were available in the assessment records nor was it discussed in the assessment order. In absence of such details, audit could not confirm the correctness of allowance of exemption. While allowance of exemption of agricultural income claims based on inadequate verification or

incomplete documentation has been pointed out in 1,527 cases (22.5 per cent) on the basis of test check of 6,778 cases in sample, ITD needs to get all cases, where agricultural income is above a certain threshold, say ₹ 10 lakh or more, examined internally in all Commissionerates to ensure that exemption is allowed only to eligible assesseees based on verification of appropriate documents.”

10. When asked about the status of action taken by the Department on each of the cases pointed out by Audit, the Ministry, in its written reply, furnished the following details:

S. No.	Chapter	Para No.	Page No.	Name of Assessee	PAN	A.Y.	Agricultural Income allowed (in lakhs)	Pr. CCIT Charge	PCIT Charge	Status
1	Exemption without verification of supporting documents	5.9.2	77	Sri Jins Dominic	AKIPJ 3480 D	2012 -13	39	Kerala	Pr. CIT, Kottayam	Objection has <b>not</b> been Accepted by the Ministry giving factual reasons. ATN under process.
2	Exemption without verification of supporting documents	5.9.2	77	K. Muthulakshmi	AMO PM59 46M	2012 -13	68.16	Tamil Nadu	Pr. CIT-1, Madurai	Objection has <b>not</b> been Accepted by the Ministry. Vetting Comments have been received by the Ministry for further comments. ATN under process.
3	Exemption without verification of supporting documents	5.9.2	78	J. Jayaraj	AEPP J4375 Q	2012 -13, 2013 -14 and 2014 -15	25.38, 25.38 & 25.48	Tamil Nadu	Pr. CIT-1, Madurai	Objection has <b>not</b> been Accepted by the Ministry. Vetting Comments have been received by the Ministry for further comments. ATN under process.
4	Exemption without verification of supporting documents	5.9.2	78	Aarya Industrial Products (P) Ltd.	AADC A640 3F	2012 -13	190	WB and Sikkim	Pr. CIT-4, Kolkata	Objection has <b>not</b> been Accepted by the Ministry. Vetting Comments have been received by the Ministry for further

										comments. Further comments on the case have been received and are under process
5	Exemption without verification of supporting documents	5.9.2	79	Sri Govind Prasad Rajgurdhia	ACM PR65 57K	2014 -15	160	Bihar and Jharkhand	Pr. CIT, Muzaffarpur	Objection has <b>not</b> been Accepted by the Ministry. Vetting Comments have been received by the Ministry for further comments. Further comments on the case have been received and are under process
6	Exemption without verification of supporting documents	5.9.2	79	Sri Damajit Singh Grewal	ADUP G156 4E	2008 -09	147	Odissa	Pr. CIT, Cuttack	Objection has been Accepted by the Ministry and the matter is settled via C&AG letter dated 14/01/2020
7	Exemption without verification of supporting documents	5.9.2	80	Dr. Jayaree	ABVP N763 8M	2012 -13 to 2015 -16	23.50 22.03 22.51 and 23.01	Kerala	Pr. CIT, Kozhikode	Objection has <b>not</b> been Accepted by the Ministry. Vetting Comments have been received by the Ministry for further comments. Further comments on the case have been received and are under process
8	Exemption without verification of supporting documents	5.9.2	80	Sri Madaneni Uma maheshwara Rao	AARP U193 7H	2014 -15	32.46	Andhra Pradesh	Pr. CIT, Hyderabad	Objection has <b>not</b> been Accepted by the Ministry. ATN under process.
9	Exemption without verification of supporting documents	5.9.2	81	Sri Narayansetty Srinivasa,	PAN: ADOP S606 7J	2013 -14	85.6	Karnataka and Goa	Pr. CIT-6, Bengaluru	Objection has been Accepted by the Ministry. Further comments on the case have been received and are under process



10	Exemption without verification of supporting documents	5.9.2	81	R. K. Enterprises	AKFR 0910L	2014 -15	63.43	Karnataka and Goa	Pr. CIT-6, Bengaluru	Objection has been Accepted by the Ministry. Vetting Comments have been received by the Ministry for further comments. Now 148 action has been initiated and notice issued on 30/06/2021. ATN under process.
11	Exemption without verification of supporting documents	5.9.2	82	Sri M. Mahe sh Shen oy	AFKP S092 2C	2014 -15	9.99	Karnataka and Goa	Pr. CIT, Mysuru	Objection has been Not Accepted by the Ministry and the matter is settled via C&AG letter dated 14/01/2020
12	Exemption without verification of supporting documents	5.9.2	82	Chopra Agriculture and Properties Private Ltd.	AAAC C924 4M	2012 -13	109.06	M. P. Chhatis garh	Pr. CIT-1, Raipur	Objection has been Accepted by the Ministry. Vetting Comments have been received by the Ministry for further comments. Now order u/s 143(3) and 154 r.w.s. 147 of I.T. Act, 1961 passed on 12.12.2019 and 09.03.2021 raising demand of ₹ 43,55,820/-. ATN under process.

11. It can be seen from above that out of the twelve objections pointed out by Audit in Para 5.9.2, the Ministry have accepted only four and the remaining eight objections have not been accepted by the Ministry. When the Committee desired to know the current status of the remaining cases, Chairman, CBDT replied as follows during oral evidence:

“The cases which remain to be settled are in the process of getting settled. The ATNs will go. The second round of consultation with the C&AG is going on. With regard to what further measures we need to take in order that these things do not happen again, we have now the faceless system in which the anonymity of the taxpayer vis-a-vis the tax assessor has to be maintained. When it comes to faceless assessment, where the major reason is an

anomaly in the agricultural income reporting there is 100 per cent guarantee or there is hardly any scope to assume that the documentation with regard to the agricultural income will not be perfect in the faceless assessment regime. That much I can assure. If there is an SOP which is required in order to examine the veracity of the agricultural income, we will try and find out from our resources. If an SOP is not there, try to put in place an SOP for educating and for enlightening the assessing officers on field.”

12. When the Committee desired to know how it is ensured that AO has exercised due diligence before allowing exemptions on account of claims towards agriculture income, the Ministry, in its written reply, stated as follows:

“Out of the replies received from the field formations with respect to the 12 cases mentioned in the Para above, in 8 cases the Principal Chief Commissioner have opined/clarified that due diligence has been applied by the assessing officer in the case. In 4 cases, where in objection have been accepted, the concerned Pr. CIT have given in the following comment:”

S. No	Name of the Case	Circumstances of allowing exemption and concerned Pr. CIT opinion
1	Damanjit Singh Grewal	The Assessment was made u/s144 as the assessee was not complying during the assessment proceedings. The assessing officer to the best of his judgement made an addition of ₹ 16 lakhs.
2	Sri Narayanasetty Srinivasa	This mistake appears to be bonafide. No vigilance Angle involved.
3	R.K. Enterprises	This mistake appears to be an oversight on the part of the then Assessing Officer This mistake appears to be bonafide. No vigilance Angle involved.
4	Chopra Agriculture & Properties Private Ltd.	This mistake appears to be bonafide. No vigilance Angle involved.

13. When the Committee sought to know the corrective steps that have since been taken in this regard, the Ministry, in its written reply, furnished the following:

1. “To ensure appropriate documentation and verification, details of exempt income in ITR has been made more exhaustive from AY 2019-20 onwards in order to capture elaborate details (eg. Name of district along with pin code in which agricultural land is located, measurement of agricultural land in acre, whether agricultural land is owned/held on lease, is irrigated/rain-fed) in case the net agricultural income for the year exceeds ₹ 5 lakhs.
2. The CBDT has formulated the Faceless Assessment Scheme 2019 (the Scheme), presently incorporated into the Act w.e.f.01.04.2021 as Section 144B of the Income Tax Act. Team based assessment procedure where the Assessment Unit can request verification by Verification Unit and seek

technical assistance from the Technical Unit, has been put in place to ensure proper examination and investigation. Under this Scheme, the process of Review is also put in place so that no such errors occur in the assessment orders passed.

3. Out of the 12 illustrated cases, Objection has been accepted in 04 cases and remedial action has been taken.”

14. On being asked about the systematic safeguards, if any, in place to check that unaccounted income/black money is not brought back by the assessee into the financial system under the garb of agricultural income, the Ministry, in its written reply, furnished the following:

1. “Keeping in view the significant number of the returns filed for a particular assessment year, the number of cases selected for scrutiny is fine tuned to strike a balance between available resources and various types of risk (which requires investigation) through Computer Aided Scrutiny Selection (CASS). CASS is a centralized system for selection of cases of scrutiny based on information in ITR, IT forms, TDS/TCS, data as reported by third parties, data received through inter-departmental MoUs etc. Scenarios have been included in CASS for selection of cases having agricultural income above a threshold.
2. To further fine tune the selection of cases and to ensure appropriate documentation and verification, details of exempt income in ITR has been made more exhaustive from AY 2019-20 onwards in order to capture elaborate details (eg. Name of district along with pin code in which agricultural land is located, measurement of agricultural land in acre, whether agricultural land is owned/held on lease, is irrigated/rain-fed) in case the net agricultural income for the year exceeds ₹ 5 lakhs.
3. The CBDT has formulated the Faceless Assessment Scheme 2019 (the Scheme), presently incorporated into the Act w.e.f.01.04.2021 as s.144B. Team based assessment procedure where the Assessment Unit can request verification by Verification Unit and seek technical assistance from the Technical Unit, has been put in place to ensure proper examination and investigation. Under this Scheme, the process of Review is also put in place so that no such errors occur in the assessment orders passed.
4. Provisions of search and seizure as provided in section 132 of the IT Act, Provisions of survey, as per section 133A of the IT Act, and provisions for calling for information by the prescribed Income Tax Authority, as per section 133C of the IT Act, may also be invoked in appropriate cases based on the individual facts of each case wherein there is prima facie

reason to believe that unaccounted income/black money is being brought by the assessee into the financial system under the garb of agricultural income.”

15. To a pointed query whether the Department has acted in accordance with the recommendations of Audit for 100 percent check of all cases, in all Commissionerates, where agricultural income claimed is above ₹ 10 lakh, the Ministry, in its written reply, stated as under:

“There are a substantial number of taxpayers reporting agricultural income in their income tax returns. For AY 2020-21, 21,55,368 taxpayers reported Agriculture Income in their return of income, out of which 59,707 taxpayers reported Agriculture Income exceeding ₹10 lakh. Keeping in view the significant number of the returns filed for a particular assessment year, the number of cases selected for scrutiny is fine tuned to strike a balance between available resources and various types of risk (which requires investigation) through Computer Aided Scrutiny Selection (CASS). CASS is a centralized system for selection of cases of scrutiny based on information in ITR, IT forms, TDS/TCS, data as reported by third parties, data received through inter-departmental MoUs etc. Scenarios have been included in CASS for selection of cases having agricultural income above a threshold. To further fine tune the selection of cases and to ensure appropriate documentation and verification, details of exempt income in ITR has been made more exhaustive from AY 2019-20 onwards in order to capture elaborate details (eg. Name of district alongwith pin code in which agricultural land is located, measurement of agricultural land in acre, whether agricultural land is owned/held on lease, is irrigated/rain-fed) in case the net agricultural income for the year exceeds ₹ 5 lakhs.”

16. In this regard, the Chairman, CBDT, while tendering evidence added as under:

“This year, we have picked up 0.07 per cent of the total eligible cases for selection. The number was not more than 47,000....

What we have done is that we have factored in the parameters which are now in the EI, i.e. the ‘Exempt Income’ category which is the large agricultural income per acre, per territory, land ownership type and land type. This will give us some idea. Based on that, we have picked up 503 cases of non-business ITR. Regarding large agricultural income business ITR, we have picked up 334 cases. Regarding large agricultural income where return of income for the last two assessment years was not filed, we have picked up 162 cases. Regarding substantial increase in the agricultural income as compared to that shown in the preceding return, we have picked up 1385 cases. Regarding large agricultural income per acre sown in comparison to the average agricultural income or territory, land ownership type and land type, we have taken 1280 cases. Lastly, thematic mapping of ten high-risk

parameters has been done to the agricultural income. This is basically a ratio comparison -- net to gross ratio, the percentage of land sown on lease, percentage of rainfed, percentage of land in urban area, ratio of agricultural income to the gross total income. We also picked up 2427 cases on thematic mapping. In total, regarding agricultural income at this point of time, on the basis of the new parameters for selection, we have picked up 3379 cases out of 47,000 cases. Looking at the capacity which we are having and looking at the high-risk factors of those cases, we have picked up these cases."

17. Audit observed that of 1,527 cases, in 1,046 cases (68.5 per cent) the agricultural income claim was made in Form ITR-4 wherein exemption of ₹ 210.19 crore on account of agricultural income was allowed as against claim of ₹ 222.91 crore made. The predominant use of ITR-4 indicates that agricultural income is also largely claimed and allowed where presumptive income from business and profession is involved.

18. When asked whether the ITD considered this aspect while granting exemption on account of agricultural income under section 10(1) with respect to nature of income on which it was allowed, the Ministry, in its written reply, stated as under:

"The definitions of eligible assessee and eligible business as per the provisions laid down in Section 44AD of the IT Act do not restrict inclusion of the income from agriculture defined as per Section 2(1A) of the Act and allowance of its exemption as per Section 10(1) of the Act in computing the total income of any person. Further, as per the Instructions for filling Return Form ITR-4 for A.Y. 2012-13 to A.Y. 2016-17, details of exempt agricultural income can be furnished in Schedule EI (Exempt Income). In view of the above, agricultural income may be claimed and allowed where presumptive income from business and profession is involved."

19. In response to a specific query regarding bringing out an SOP for educating and for enlightening the assessing officers on field, the Ministry, in its written reply, stated as under:

"As per Section 2(1A) of the Income-tax Act, 1961 (the Act), definition of agricultural income includes rent or revenue (Section 2(1A)(a) of the Act), income derived from the building (Section 2(1A)(c) of the Act) apart from the income from agriculture or sale of produce. As the definition of agriculture income as per Section 2(1A) of the Act is wide, the facts regarding agricultural income may vary from case to case. Considering this non-uniformity in cases, for educating and enlightening the assessing officers instead of a SOP, the department undertakes several measures which include imparting of training to them by Direct Taxes Regional Training Institutes (DTRTIs) and/or Ministerial Staff Training Units (MSTUs) across India. Further, various books

are published for example – Techniques of Investigation for assessment, Let Us Share containing specific instances of assessment cases and certain best practices followed in various areas. All these measures do guide the assessing officers in the field in examination of the veracity of agricultural income.”

**C. Incorrect reflection of agricultural income in ITD Database (Para 5.9.3)**

20. Audit observed instances where there was a mismatch between the exemptions allowed in the assessment order vis-à-vis that reflected in the ITD database. Exemption allowed for agricultural income during scrutiny assessments had not been reflected correctly in the ITD database. The agricultural income in the ITD database continued to reflect the agricultural income as returned by the assessee or depicted irrelevant figures in cases where agricultural income allowed was different from that claimed by the assessee. Out of 3,133 cases checked in audit across nine states in 48 cases [Bihar (02), Jharkhand (02) Karnataka (12), Kerala (07) Rajasthan (01), West Bengal (06), Tamil Nadu (09), Uttar Pradesh (04), New Delhi (05)], such mistakes were noticed.

21. To a query whether any action has been taken to identify the reason for mismatch between the exemptions allowed in the assessment order vis-a-vis that reflected in the ITD database on account of agricultural income, the Ministry, in its written reply, stated as follows:

“The main reason of mismatch between the exemptions allowed in the assessment order vis-a-vis that reflected in the ITD database on account of agricultural income is that, that before assessment year 2016-17 a different module was available for calculation of the tax determined after assessment in the old system of Income Tax Department. However, from the Assessment Year 2016-17 onwards, the Assessment Orders are compulsorily passed in new software namely, Income Tax Business Application (ITBA). There is marked difference in the approach of passing assessment orders in ITBA from legacy AST systems. In ITBA, the AO is required to follow a more detailed and comprehensive approach while making addition/ disallowances to compute taxable income. Now the AO is not able to make changes directly in the income computation screen. AO has to make additions/disallowances in various schedules provided in the income computation screen. Based on the changes made by the AO in various schedules on submitting the income computation button, the software computes income in various heads that have been amended and allow benefits of relevant deductions/exemptions/relief/adjustments and determine the taxable income and tax thereon. Thus, in the software, the data in the systems of the

department would show the data of agriculture income determined in the assessment proceedings. To minimise interface with the assessee or his/her representative, the assessment procedure has been digitized and the same is conducted through e-assessment. Further, E- Assessment Schemes 2019 has already been implemented from A. Yr. 2018-19 onwards to achieve the stated objective.”

22. Audit noticed that out of 48 cases the amount of agricultural income reflected in database was auto-populated through AST in 42 cases and manually in six cases. The agricultural income allowed during assessment was not captured in the ITD database. As such, there is a risk of incorrect reporting of agricultural income and rebate allowed to the assessee for MIS purposes due to non-updation of database. Although the ITD is seized of discrepancies caused due to data entry errors, such errors continue to occur.

23. On being asked whether the reasons for co-existence of manual process of assessment and electronic filing of returns been examined, the Ministry, in its written reply, furnished the following:

1. “There was co-existence of manual process of assessment and electronic filing of returns as the said processes were at different stages in the process of digitisation. However, subsequently the Income-tax Department has brought in harmony by complete digitisation of the entire process of filing of returns and assessment.
2. The Income-tax Department has taken several initiatives to digitise the process of filing of returns and assessment in a phased manner with help of technology. In the journey of computerisation, initially, the process of filing of income-tax returns was computerised and gradually it has been achieved that the return of income has to be furnished electronically for all categories of taxpayers except for the individuals above the age of 80. Similarly, processing of return of income furnished by the taxpayers was computerised with the launch of Centralized Processing Scheme, 2011.
3. In continuation of the journey of computerization, a number of initiatives have been taken to make the process of assessment non-intrusive and taxpayer friendly through appropriate use of technology in a phased manner.

The major milestones of the process of the computerisation of assessment are highlighted in brief below:

- i) In 2015-16, initially, a pilot project was launched by the Department in Mumbai, Delhi, Chennai, Bengaluru and Ahmadabad for conduct of scrutiny through Email based-assessment. In financial year 2016-17, E-mail based assessment was extended to two more cities namely Kolkata and

Hyderabad. Further, in these seven metro cities, an option was given to the taxpayer for conduct of assessment proceedings electronically.

ii) Subsequently, 'E-proceeding' facility on assessment module of Income Tax Business Application (ITBA), which is an integrated platform for conducting assessment proceedings electronically, in an end to end manner, became operational in 2017 and CBDT had directed that assessment proceedings were to be compulsorily conducted electronically through 'E-proceeding' during the financial year 2018-19 in all type of cases barring a few exceptions.

iii) To eliminate unnecessary interface between Assessing Officer and the assessee during the course of assessment proceedings and for optimum utilization of the resources through economies of scale and functional specialization, provisions for a team-based assessment with dynamic jurisdiction has been introduced in the Income-tax Act through Finance Act, 2018, by inserting sub-sections i.e. 3A, 3B and 3C in Section 143 of the Income Tax-Act, 1961.

iv) In pursuance of said provisions, E-assessment scheme, 2019 was rolled out with effect from 3<sup>rd</sup> October, 2019. Subsequently, the same has been implemented in a full-fledged manner in the year 2020 by launch of Faceless Assessment Scheme, 2019, which is presently incorporated in the Income-tax Act, 1961 (Act) under Section 144B. As per section 144B of the Act, procedure of assessment has become faceless reducing the interface between the assessing officer and assessee during the course of assessment proceedings. All the assessment proceedings are conducted electronically in a faceless manner through team based assessment in the form of Assessment Units as well as through other specialised units such as Verification Units, Technical Units and Review Units.

V) Therefore, it is submitted that not only the process of filing of return but also the entire process of assessment has also been made electronic as well as faceless in a phased manner."

24. When asked to furnish the status of action taken by the Department in each of the 48 cases pointed out by Audit, the Ministry, in its written reply, furnished the following:



Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
1	Bihar	PC CI T, Patna	ITO Ward 2(1) Muzaffarpur	Shri Shyam Kumar Sahani	EAMPS5 640Q	2012-13	In this case while computing the tax agriculture income of ₹ 14.49 lakh was wrongly taken for rate purpose whereas it was actually gross receipt from the fisheries activities. As the mistake is apparent from the record, therefore, A.O. has been directed to rectify the mistake immediately and report accordingly. Thus, the matter may be treated as settled.
2	Bihar	PC CI T, Patna	ACIT Circle -1 Muzaffarpur	Sri Purnamas hi Ram	AEUPR8 234F	2014-15	In the instant case assessee has shown agriculture income amounting to ₹ 22,03,470/-. However, at the time of assessment proceeding u/s 143(3) of the Act A.O. has accepted agriculture income only to the tune of ₹ 6,13,670/- and the remaining amount of ₹ 15,89,800/- as income from other sources. But, while determining the tax liability of the assessee, A.O. mistakenly taken the agriculture income ₹ 22,03,470/- instead of ₹ 6,13,670/- for rate purposes. Thus, the mistake is apparent from the records. As such, A.O. has been directed to rectify the mistake immediately and report accordingly. Thus, the matter may be treated as settled.
3	Jharkhand	PC CI T, Patna	Circle-I, Ranchi	Shri Binod Kumar Gupta	ACEPG3 715C	2015-16	In the case at hand rectification proceeding is under progress which resulting in refund of ₹ 1,41,240/-. There is also demand of ₹ 1,46,381/- is outstanding against the assessee for different assessment years. As such, before adjusting the refund against the outstanding demand an intimation letter u/s 245 of the Act has been sent to the assessee by the assessing officer. The rectification process will be completed on receipt of reply from the assessee

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
4	Jharkhand	PC CI T, Patna	ITO ward 3(1), Ranchi	Sh. SomokSurjit Banerjee	AKGPB5207Q	2015-16	The error pointed out in this case has already been rectified u/s 154 of the Act on 31.07.2018.
5	Karnataka	PC CI T-6	CIT -6-ITO Ward 6(3)(4)	Sri Doddahan umaiah Siddaram aiah	ELHPS2995J	2014-15	In this case Agricultural Income of ₹ 2,45,000/- was added as Income from other sources. The tax calculation with this addition to Returned Income, and with reduced Agricultural Income is exactly as in the order u/s. 143(3). That the Agricultural Income is not seen as reduced in the tax calculation u/s. 143(3), seems to be a system error. Thus, there is no change in the tax payable and there is no particular tax effect. Therefore, no pending action in this case.
6	Karnataka	PC CI T-6	CIT -6-DCIT Circle 6(3)(1)	Sri. B Premnath Reddy	AECPR6869Q	2014-15	In this case the assessment u/s. 143(3) was completed by assessing 50% of Agriculture Income as income from other sources by disallowing and added back to the total income. While passing the order u/s. 143(3) for calculation on system (ITD) the agriculture Income remained as per Return of Income raising demand of ₹ 2,04,700/- which was paid by the assessee. If the same is recalculated the demand appears at ₹ 1,48,050/- which is slightly lesser than the demand collected. There is no loss to revenue. Any rectification filed by assessee will be attended to.
7	Karnataka	PC CI T-6	CIT -6-ITO Ward 6(2)(1)	G K Ramakrishna Reddy	ABGPR1485B	2013-14	In this case the assessment u/s. 143(3) was completed by assessing 50% of Agriculture Income of ₹3,00,000/- arriving at Total Income of ₹ 3,34,500/-. While passing the order u/s. 143(3) for calculation on system (ITD) the agriculture Income remained as per Return of Income raising demand

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
							of ₹31,640/- which was paid by the assessee. If the same is recalculated the demand appears at ₹ 21,560/- which is slightly lesser than the demand collected. There is no loss to revenue. Any rectification filed by assessee will be attended to.
8	Karnataka	PC CIT-6	CIT -6-ITO Ward 6(2)(1)	HalladaHosahalliMasathi Gowda Sowbhagyalakshmi	AUBPS7631Q	2013-14	In this case Agricultural Income of ₹ 5,19,228/- was added as Income from other sources. The tax calculation with this addition to Returned Income, and with reduced Agricultural Income is exactly as in the order u/s. 143(3). That the Agricultural Income is not seen as reduced in the tax calculation u/s. 143(3), seems to be a system error. Thus, there is no change in the tax payable and there is no particular tax effect. Therefore, no pending action in this case.
9	Karnataka	PC CIT-6	CIT -6-ITO Ward 6(2)(1)	Veena Shivaprasad	AOJPS8501F	2014-15	In this case Agricultural Income of ₹ 2,50,000/- was added as Income from other sources. The tax calculation with this addition to Returned Income, and with reduced Agricultural Income is exactly as in the order u/s. 143(3). That the Agricultural Income is not seen as reduced in the tax calculation u/s. 143(3), seems to be a system error. Thus, there is no change in the tax payable and there is no particular tax effect. Therefore, no pending action in this case.
10	Karnataka	PC CIT-6	CIT -6-ITO Ward 6(2)(1)	Uma Belgavi	ABPPB0330A	2014-15	The assessee has filed the Return of Income declaring total income of ₹ 9,35,020/- and Agricultural Income of ₹ 13,00,000/-. As per the Assessment order u/s.143(3) order dated 22.06.2016, an amount of ₹ 2,00,000/- is added back to the returned Income being disallowance of Agricultural

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
							Income. As per the ITD data base the amount is shown as correctly at ₹ 11,00,000/-. So, no action to be taken.
11	Karnataka	PC CI T-6	CIT -6-ITO Ward 6(2)(1)	Rajib Chowdhary	ABLPC6333L	2014-15	<p>The assessee filed return of income on 10-02-2015 declaring income of ₹ 34,86,740/-. The assessee has declared agricultural income of ₹ 8,00,000/- for the AY 2014-15 and claimed as exempt income.</p> <p>The scrutiny of assessment was completed after making addition of part of agricultural income ₹ 3,10,000/- and assessed income was determined as ₹ 37,96,740/-. It is correct that the agricultural income is mentioned as ₹ 8,00,000/- in the assessment order. However the agricultural rebate is not determined for ₹ 8,00,000/- in the assessment order. Therefore there is no loss to revenue in the calculation of agricultural income and rebate as per the assessment order. Therefore no further action is required for in this case for this AY.</p>
12	Karnataka	PC CI T-6	CIT -6-ITO Ward 6(2)(1)	Hallada Hosahalli Masthi Gowda Sowbhagyalakshmi	AUBPS7631Q	2014-15	<p>In this case Agricultural Income of ₹5,55,600/- was added as Income from other sources. The tax calculation with this addition to Returned Income, and with reduced Agricultural Income is exactly as in the order u/s. 143(3). That the Agricultural Income is not seen as reduced in the tax calculation u/s. 143(3), seems to be a system error. Thus, there is no change in the tax payable and there is no particular tax effect. Therefore, no pending action in this case.</p>
13	Karnataka	PC CI T-6	CIT -6-ITO Ward 6(2)(1)	Anjan kumar Kalarasaiah	AANHA6051J	2014-15	<p>In this case Agricultural Income of ₹2,01,600/- was added as Income from other sources. The tax calculation with this addition to</p>

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
							Returned Income, and with reduced Agricultural Income is exactly as in the order u/s. 143(3). That the Agricultural Income is not seen as reduced in the tax calculation u/s. 143(3), seems to be a system error. Thus, there is no change in the tax payable and there is no particular tax effect. Therefore, no pending action in this case.
14	Karnataka	PC CI T-6	CIT -6-ITO Ward 6(2)(1)	Bina Sreedhar	ALJPS2961C	2014-15	In this case Agricultural Income of ₹1,55,000/- was added as Income from other sources. The tax calculation with this addition to Returned Income, and with reduced Agricultural Income is exactly as in the order u/s. 143(3). That the Agricultural Income is not seen as reduced in the tax calculation u/s. 143(3), seems to be a system error. Thus, there is no change in the tax payable and there is no particular tax effect. Therefore, no pending action in this case.
15	Karnataka	PC CI T-6	CIT -6-DCIT Circle 6(2)(1)	H.K. Suresh	AGSPS8913N	2014-15	In this case the returned income declared is ₹3,94,15,500/- and agricultural income of ₹1,59,40,000/-. The assessment u/s 143(3) was completed by disallowing expenses of ₹20,00,000/- and further assessing part of Agriculture Income of ₹15,00,000/- as income from other sources arriving at a Total income of ₹4,29,15,500-.  While passing the order u/s 143(3) for calculation on the system (ITD) the agriculture Income remained as per Return of Income raising demand of ₹17,16,730/-. Agriculture income is not seen as reduced in the tax calculation u/s 143(3) appears to be a system error. If the same is recalculated

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
							the demand remains the same. Hence, there is no revenue loss.
16	Karnataka	PC CI T-6	CIT -6-ITO Ward 6(3)(2)	Madhusoodan Rachana	ABFPR4824H	2014-15	The assessee has declared the Return of Income of ₹ 293210/- with an Agricultural Income of ₹ 1102514/-. There is no addition of Agricultural Income in the assessment order completed u/s. 143(3) and hence, there is no change in Agricultural Income. Hence, no action is required.
17	New Delhi	PC CI T-7, Delhi	Ward 61(1)	Bibhu Das	AZJPD9412B	2014-15	The audit has observed that there was incorrect reflection of 2014-15 of ₹ 23 lakhs as per ITR as well as database. After the perusal of record, It is submitted that assessee has claimed exempt agricultural income of ₹ 23 lakhs and assessment was completed on 22.12.2016 disallowing and same was added back to income as "income from other sources". It was noticed that at the time of computation of tax, the AO inadvertently picked up agricultural income for tax purpose when the same already disallowed in the assessment. The mistake has been rectified vide order u/s 154 on 27.09.2019 and post rectification, the exempt agricultural income is NIL.
18	New Delhi	PC CI T-4, Delhi	Ward 33(2)	Pradeep	BDIPP7673J	2013-14	The assessment in this case was completed for A.Y. 2013-14 at an income of ₹ 55,45,954/- the addition was made on account of income from other sources. However the same agricultural income was taken as exempt income and used for rebate purposes which resulted in over assessment of net tax of 1,13,299/-

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
							. The same was rectified on 18.02.2019.
19	New Delhi	PC CI T-7, Delhi	Ward 61(1)	Amith Seth	AAXPS1385F	2014-15	The audit observed incorrect reflection of Agricultural Income in ITD database. Audit observed that agricultural income for AY 2014-15 is 35.09 lacs as per ITR and also as per income reflected in database. Assessment was completed on 30.12.2016 disallowing the agricultural income as income from other sources. It was noticed that at the time of computation of tax, the AO inadvertently picked up agricultural income for tax purpose when the same already disallowed in the assessment. The mistake has been rectified vide order u/s 154 on 10.09.2021 and post rectification, the exempt agricultural income is NIL.
20	New Delhi		Circle 27(1), Delhi	Anil Mithas	AGIPM0679H	2014-15	As, per the objection, the agricultural income claimed by the assessee in its ITR was denied while framing Assessment order, but same income still continued to exist as a part of the computation of tax as separate agriculture income along with the sum added into the total income. The effect of this was that the tax slabs for different portion of the income of the assessee was changed and hence resultantly a higher rate of income tax was imposed upon a portion of the income of the assessee. The same was rectified on 10.09.2021.

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database															
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status								
21	NWR	PC IT Gurgaon	Ward 40(3)	Dinesh Yadav	AAAPY5130H	2013-14									
22	Rajasthan	PC IT-1, Jaipur	ITO Ward 3(1), Jaipur	Smt. Raj Girish Agarwal	ABJPA3093R	2009-10	The assessee did not file her ROI u/s 139. The case of the assessee was reopened by issuing notice u/s 148 dt. 29.03.2016. in response to notice u/s 148 assessee filed her ITR for A Y 2009-10 declaring loss of ₹ 9,77, 146 and agriculture income of ₹ 5,88,377/-. Assessment in the case was completed on 05.12.2016 u/s 147/143(3) at total income of ₹ 9, 12,510/-, agriculture income of ₹ 4,54,096 raising demand of ₹ 9, 130/-. But, due to typographical mistake in ITD while computing the tax liability, agriculture income of Rs . 4,54,096/- was not taken into account for the rate purpose. To rectify the mistake, order u/s 154 was passed on 27.02.2018 by considering agriculture income of ₹ 4,54,096/- for rate purpose to total income of ₹ 9,12,505/- and demand of ₹ 1,05,360/- was raised. After passing the order u/s 154, agriculture income of ₹ 4,54,096/- has been considered in ITD.								
23	Tamil Nadu	PC IT-3, Coimbatore	Coimbatore, DCIT, NCC-1, CBE	N. Ananda Srinivasan	ADJPA1819R	2013-14	The assessee filed the Return for the AY 2013-14 admitting the total income as under:- <table border="0" style="width: 100%;"> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">Income</td> </tr> <tr> <td style="text-align: right;">₹1,22,90,620/-</td> <td></td> </tr> <tr> <td style="text-align: right;">Net Agricultural</td> <td style="text-align: right;">Income</td> </tr> <tr> <td style="text-align: right;">₹36,04,800/-</td> <td></td> </tr> </table> Assessment u/s 143(3) was completed on 31.03.2016 assessing the total income at ₹1,72,59,620/- by raising a demand of ₹76,52,392/-. As per the assessment order the AO has disallowed an amount of ₹	Total	Income	₹1,22,90,620/-		Net Agricultural	Income	₹36,04,800/-	
Total	Income														
₹1,22,90,620/-															
Net Agricultural	Income														
₹36,04,800/-															



Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
							1,60,30,000/- (cash deposits in bank) and the entire agricultural income of Rs 36,04,800/- totaling an amount of ₹1,96,34,800/- u/s 68 of the IT Act. But in the tax computation statement disallowed amount of ₹30,04,800/- (agricultural Income) was inadvertently omitted to be added to the total income and further omitted to be reduced in the agricultural income column and thereby allowing rebate on agricultural income. As this is a mistake apparent from the records the same was rectified vide order u/s 154 dated 19-02-2019 by bringing the entire agricultural income of ₹36,04,800/- under the Head Other sources and reducing the agricultural income to Nil, resulting in a demand of ₹80,43,300/-.
24	Tamil Nadu	PC IT-3, Coimbatore	Coimbatore, DCIT, NCC-1, CBE	Krishnan Sekar	ARJPS0250N	2013-14	The assessee filed the Return for the AY 2013-14 admitting the total income as under:- Total Income Rs-26,36,500/- Net Agricultural Income ₹7,92,440/- Assessment u/s 143(3) was completed on 24.03.2016 assessing the total income at ₹29,40,700/- by restricting the agricultural income at ₹4,88,240/- there by adding an amount ₹3,04,200/- u/s 69 of the IT Act resulting in a demand of ₹1,29,560/- But in the tax computation statement the disallowed amount of ₹3,01,200/- (agricultural Income) was inadvertently omitted to be reduced in the agricultural income column. As this is a mistake apparent from the records the same was rectified

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
							vide order u/s 154 dated 25.10.2019 by restricting the agricultural income to ₹4,88,240/- resulting in a refund of ₹ 43,200/-
25	Tamil Nadu	PC IT-3, Coimbatore	Coimbatore, DCIT, NCC-1, CBE	Natarajan Vasuki	ACPPV0559A	2013-14	<p>The assessee filed the Return for the AY 2013-14 admitting the total income as under: -</p> <p style="text-align: center;">Total income ₹10,27,470/- Net Agricultural Income ₹43,79,960/-</p> <p>Assessment u/s 143(3) was completed on 23-03-2016 assessing the total income at ₹ 32,74,789/-by restricting the agricultural income at ₹27,27,160/- there by adding an amount ₹ 16,52,800/- u/s 69 of the IT Act an amount of ₹ 5,94,519/- u/s 37 resulting in a demand of ₹9,82,530/-</p> <p>But in the tax computation statement the disallowed amount of ₹ 16,52,800/- (agricultural Income) was inadvertently omitted to be reduced in the agricultural income column.</p> <p>As this is a mistake apparent from the records the same was rectified vide order u/s 154 dated 25-01-2019 by restricting the agricultural income to ₹27,27,160/-, resulting in a demand of ₹8,34,590/-</p>
26	Tamil Nadu	PC IT-1 Trichy	Circle-1, Trichy	T. Tamil Selvan	AABPT8401B	2012-13	The agriculture income was disallowed to an extent of 10% (₹3,84,113/-). While giving effect in ITD, entire agriculture income was disallowed and no addition in other sources was made. Now, Agriculture income amounting to ₹3,84,113/-was disallowed and added to the other sources income and the remaining 90% of agriculture income (i.e., Rs

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
							38,41,228-₹ 3,84,113= 34,57,4115) was taken into account for tax calculation.
27	Tamil Nadu	PC IT-3, Coimbatore	Coimbatore, Ward 2(1), Tirupur	K. Ramasamy HUF	AAFHK8438P	2014-15	It is submitted that the mistake pointed out by audit was rectified by passing an order u/s 154 of the Act.
28	Tamil Nadu	PC IT 1, Trichy	Circle 1, Trichy	G. Jothi Mahalingam	ADOPJ6984B	2013-14	The agriculture income was disallowed to an extent of ₹3,74,366/- While giving effect to the same in ITD, instead of disallowance, addition was made to the agriculture income. Now, the same has been corrected and agriculture income disallowed to an extent of ₹ 3,74,366/- and the same was added to the other sources income.
29	Tamil Nadu	PC IT/ CIT 1 Madurai	Ward 1, Dindigul	M/s Aayakudi Agro Farms	AARFA0239N	2013-14	The Assessment order u/s 143(3) was completed manually and subsequently entered in the system. Though the agricultural income was wrongly entered in ITD, there is no variation in the tax quantum between the manual calculation and the tax calculated by the system. Hence the mistake went unnoticed and this is only an inadvertent error which has no revenue impact. The mistake in data entry relation to agricultural income was rectified by initiation action u/s 154 in the system.
30	Tamil Nadu	CC IT 1, Trichy	Circle 2, Trichy	Sri V. Gunasekar	AEZPG8153R	2013-14	The assessee has disclosed on agriculture income of ₹ 19,76,550/- in the return of income. As proof for agriculture income, the assessee has filed a Certificate regarding the extent of agriculture land and agricultural income from Village Administrative office. The extent of land is 8.8 hectares. It is highly doubtful that the assessee will get

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
							an agriculture income of ₹ 19.76 lakhs for 8.8 hectares. The assessee has not furnished any other proof regarding the correctness of the agriculture income. In the circumstances, the AO has limited the agriculture income to ₹ 9,76,550/- and the remaining ₹ 10,00,000/- has assessed as Business income. The same has been rectified.
31	Tamil Nadu	PC IT-3, Coimbatore	Circle-1, Tirupur	R.Subramanian	ADQPS5927D	2014-15	It is submitted that the mistake pointed out by audit was rectified by passing an order u/s 154 of the Act.
32	Uttar Pradesh	PC IT, Aligarh		Sri Abdesch Kumar Singh	AGKPS8319L	2014-15	During the year under consideration, the assessee enjoyed income from business and profession, income from salary, Rent & Interest income as well as agricultural income. Assessee has claimed total agricultural receipts of ₹ 62,84,191/-. After reducing agricultural expenses amounting to ₹ 22,40,191/-, net agricultural income of ₹ 40,44,000/- has been shown. After discussion assessee himself offered an addition of ₹ 2,00,000/- on account of lower agricultural expenses. Thus agricultural income declared by the assessee has been reduced by ₹ 2,00,000/- this amount is treated income from other source and is added back to the total income of the assessee vide the CASS assessment order dated 14.09.2016 passed u/s 143(3) of the IT Act, 1961 on AST database. Then the net agricultural Income was computed at ₹ 38,44,000/- (40,44,000-2,00,000) but by mistake, while computing the case on AST database an entry of ₹

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
							<p>38,44,000/was wrongly made in lieu of (-)2,00,000/- into the column of addition made by the AO. Due to this data entry mistake, the net agricultural Income was wrongly increased by 40,44,000/- and total agricultural Income was reached at ₹ 78,88,000/- in lieu of ₹ 38,44,000/-.</p> <p>At present time, the proceedings u/s 153A is in progress in this case before the undersigned. The mistake has been noted and the same will be rectified during completion of proceedings u/s 153A of IT Act, 1961 by the undersigned.</p>
33	Uttar Pradesh	PC IT, Aligarh		Sri Arun Kumar Singh	AKYPS5158H	2014-15	<p>During the year under consideration, the assessee enjoyed income from business and profession, income from salary, interest income as well as agricultural income. Assessee has claimed total agricultural receipts of ₹ 49,46,079/-. After reducing agricultural expenses amounting to ₹ 22,09,279/-, net agricultural income of ₹ 27,36,800/- has been shown. After discussion assessee himself offered an addition of ₹ 1,00,000 /- on account of lower agricultural expenses. Thus agricultural income declared by the assessee has been reduced by ₹ 1,00,000/- this amount is treated income from other source and is added back to the total income of the assessee vide the CASS assessment order dated 14.09.2016 passed u/s 143(3) of the IT Act, 1961 on AST database. Then the net agricultural Income was computed at ₹ 26,36,800/- (27,36,800-1,00,000) but by mistake, while computing the case on AST database an entry of ₹ 26,36,800/was wrongly made in lieu of (-)1,00,000/- into the column</p>

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
							of addition made by the AO. Due to this data entry mistake, the net agricultural Income was wrongly increased by 21,36,800/- and total agricultural Income was reached at ₹ 53,73,600/- in lieu of ₹ 26,36,800/-. <b>At present time, the proceedings u/s 153A is in progress in this case before the undersigned. The mistake has been noted and the same will be rectified during completion of proceedings u/s 153A of IT Act, 1961 by the undersigned.</b>
34	Uttar Pradesh	PC IT, Aligarh		Sri Rashid Jamal Siddiqi	ADBPS5750M	2013-14	The assessment order for A.Y. – 2013-14 in this case was passed u/s 143(3) of the IT Act, 1961 on 27/01/2016 (copy enclosed) by the then A.O., Circle- 4(2)1, Farrukhabad. An addition of ₹ 85,021/- was made to the returned income of ₹ 34,01,850/- on account of disallowance of 10% of the income of ₹ 20,98,613/-, thus resulting in the assessed income of ₹ 34,86,871/-. Additionally, as per office note the agricultural income of the assessee for the assessment year in question was reduced to ₹ 12,48,400/- from the originally declared agricultural income of ₹ 20,98,613/-.
35	Uttar Pradesh	PC IT, Lucknow		Smt. Ritu Kalra	AQPPK8971K	2014-15	Agricultural income in the ITD database continued to reflect the same as returned in the case of Smt. Ritu Kalra, PAN-AQPP8971K for AY 2014-15 despite agriculture income was assessed at ₹ 3,98,625/- in place of 5,31,500/- due to some technical glitches. The said mistake has been rectified vide order u/s 154 of the IT Act dated 30-11-2014 showing correct

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
							assessed agriculture income. After examining the records, it has been found that at the time of passing order u/s 143(3) ITD Software wrongly calculated the assessed income at ₹ 2,78,780/- along with agricultural income of ₹ 5,31,500/- However, the mistake has been rectified vide order u/s 154 of the IT Act assessing total income at ₹2,78,775/- along with net agricultural income of ₹ 3,98,625/-.
36	West Bengal	PC IT-2	DCIT, Circle 4(1), Kolkata	Choibari Tea & Industries Ltd.	AABCC2 195G	2013-14	Remedial action have already been taken by way of Rectification u/s 154 of the IT Act
37	West Bengal	PC IT-2	DCIT, Circle 4(1), Kolkata	Choibari Tea & Industries Ltd.	AABCC2 195G	2012-13	Remedial action have already been taken by way of Rectification u/s 154 of the IT Act
38	West Bengal	PC IT-2	DCIT, Circle 4(1), Kolkata	BijniDooars Tea Co. Ltd.	AABCB1 013E	2014-15	Remedial action have already been taken by way of Rectification u/s 154 of the IT Act
39	West Bengal	PC IT-2	DCIT, Circle 4(1), Kolkata	Eastern Dooars Tea Co. Ltd.	AAACE5 759K	2013-14	Remedial action have already been taken by way of Rectification u/s 154 of the IT Act
40	West Bengal	PC IT-2	DCIT, Circle 4(1), Kolkata	Chengmari Tea Co. Ltd.	AABCC0 672Q	2012-13	Remedial action have already been taken by way of Rectification u/s 154 of the IT Act
41	West Bengal	PC IT-2	AC Circle 4(1) Kolkata	Borphukan Tea Co. Ltd.	AABCB9 038K	2014-15	Assessment Order dated 29.11.2016 was already rectified u/s 154 of the Act and "Agricultural Income" was rectified to ₹ 55,76,367/- by the Assessing Officer.
42	Kerala	PC IT, Kozhikode	ITO WARD 2, Kalpetta	Ayoob Khan Ebrahimkutti	AACPE4 851H	2014-15	AO rectified the wrongly entered agricultural income and corrected the agricultural income in the ITD application database.
43	Kerala	PC IT,	ACIT NON CORP	George Alexander	AFQPA9 432B	2014-15	The assessee has opted for Vivandse Viswas Scheme. Consequently,

Para No. 5.9.3 - Incorrect reflection of Agriculture Income in ITD Database							
Sl. no	State	PC IT-Charge	AO charge	Name of Assessee	PAN	AY	Status
		Ko chi	CIR 1(1) ,KOCHI				the Pr.CIT has issued Form-5 on 20-01-2021.
44	Kerala	PC IT, Ko zhi ko de	ACIT, Circle 1(1), Kozhikode	Cholayil Karunakar an Nair (P. Vilasiniam ma)	ABKPN6 257H	2013- 14	AO rectified the order in ITD changing the agricultural income from ₹20,80,353/- to ₹18,20,350/-
45	Kerala	PC IT, Ko zhi ko de	ACIT, Circle 1(1), Kozhikode	Kattiveettil Thomas Joseph	ACMPJ9 563B	2012- 13	AO rectified the order in ITD changing the agricultural income from ₹ 25,91,260/- to Rs 20,91,260/-
46	Kerala	PC IT, Ko zhi ko de	ACIT, Circle 1(1), Kozhikode	Cheriyath ThahirPad ikalandy	AEVPP0 865K	2012- 13	The assessee approached the Settlement Commission on 29-11-2018. The order of the Settlement Commission was given effect on 04-09-2020. Therefore, the objection raised by the RAP stands subsumed in the order of the Settlement Commission and has become final.
47	Kerala	PC IT, Ko zhi ko de	ACIT, Circle 1, Kannur	Newbhara th Stone Crushers and Hollow Bricks	AAFFN5 267M	2012- 13	AO rectified the mismatch of agricultural income between the exemption allowed in the assessment order and ITD database.
48	Kerala	PC IT, Ko zhi ko de	ITO, WARD 2, Kalpetta	Mathai Sebastian Kadalakatt il	BPQPS7 263K	2014- 15	AO rectified the wrongly entered agricultural income and corrected the agricultural income in the ITD application databse.

25. When asked about the actions taken to remove the errors of mismatch and ensure that exemptions allowed on account of agricultural income in the assessment order is same as that reflected in the ITD database, the Ministry, in its written reply, stated as under:



"Presently, the AO is required to follow a more detailed and comprehensive approach while making addition/ disallowances to compute taxable income. Now the AO is not able to make changes directly in the income computation screen. AO has to make additions/disallowances in various schedules provided in the income computation screen. Based in the changes made by the AO in various schedules on submitting the income computation button, the software computes income in various heads that have been amended and allow benefits of relevant deductions/exemptions/relief/adjustments and determine the taxable income and tax thereon. Thus, in the software, the data in the systems of the department would show the data of agriculture income determined in the assessment proceedings. To minimise interface with the assessee or his/her representative, the assessment procedure has been digitized and the same is conducted through e-assessment. Further, E-Assessment Schemes 2019 has already been implemented from A. Yr. 2018-19 onwards to achieve the stated objective."

26. When desired to know whether any training has been provided to ensure systematic and uniform data entry norms for proper maintenance of Income Tax database the Ministry, in its written reply, stated as follows:

"The ITBA application, (being the present form of the software being used by the field users to discharge their functions as per the provisions and rules of the ITR), fetches the ITR and Non-ITR data from the e-filing portal, into its databases. E-filing in-turn stores the ITR and Non-ITR data as entered by the taxpayer online in various forms. This data is shown to the User while working on ITBA. ITBA does not make any changes to the said data on its own except, during a proceeding in law, the AO can modify the data present in ITBA (which was originally fetched from e-filing portal) as per his/her findings. he ITBA team provides training for various functionalities which are available on ITBA. In other words, whenever a new functionality is rolled out, Instructions for use of the said functionality, Step-by-step guide for the said functionality, tutorials etc. are issued and training is also organized. Once functionality is rolled out, the whole process is automated, however, no specific training is provided by the ITBA team on data entry."

27. When questioned whether the Department checked the rest of the cases in all Commissionerates to identify cases of such mismatch, the Ministry, in its written reply, stated as follows:

"The perusal of C&AG Report 09 of 2019 reveals that as per para 5.9.3 the Audit listed 48 cases pertaining to different states, wherein the errors of incorrect reflection in ITD database were pointed out. However, no further details of any other such cases have been provided either in the said report or

separately to the CBDT. Furthermore, it is understood that any such discrepancy brought out by the local audit units of the C&AG to the concerned field divisions, would have been taken cognizance of, and the requisite reports would have been made to the Local audit units of the C&AG as per extant procedure.”

28. On being asked about any systematic check that has been put in place to detect the risk of incorrect reporting of agricultural income and rebate allowed to the assessee, the Ministry, in its written reply, stated as under:

“Scenarios have been included in CASS for selection of cases having agricultural income above a threshold. To further fine tune the selection of cases and to ensure appropriate documentation and verification, details of exempt income in ITR has been made more exhaustive from AY 2019-20 onwards in order to capture elaborate details (eg. Name of district alongwith pin code in which agricultural land is located, measurement of agricultural land in acre, whether agricultural land is owned/held on lease, is irrigated/rain-fed) in case the net agricultural income for the year exceeds ₹ 5 lakhs. The CBDT has formulated the Faceless Assessment Scheme 2019 (the Scheme), presently incorporated into the Act w.e.f.01.04.2021 as s.144B. Team based assessment procedure where the Assessment Unit can request verification by Verification Unit and seek technical assistance from the Technical Unit, has been put in place to ensure proper examination and investigation. Under this Scheme, the process of Review is also put in place which will ensure that no such errors occur in the assessment orders passed. From the Assessment Year 2016-17 onwards, the Assessment Orders are compulsorily passed in new software namely, Income Tax Business Application (ITBA). There is marked difference in the approach of passing assessment orders in ITBA from legacy AST systems. In ITBA, the AO is required to follow a more detailed and comprehensive approach while making addition/ disallowances to compute taxable income. Now the AO is not able to make changes directly in the income computation screen. AO has to make additions/disallowances in various schedules provided in the income computation screen. Based in the changes made by the AO in various schedules on submitting the income computation button, the software computes income in various heads that have been amended and allow benefits of relevant deductions/exemptions/relief/adjustments and determine the taxable income and tax thereon. Thus, in the software, the data in the systems of the department would show the data of agriculture income determined in the assessment proceedings.”

**C. Status of Verification by the department (Para 5.9.4)**

29. Audit noticed that based on a Public Interest Litigation (PIL) filed in the Hon'ble Patna High Court wherein concerns were raised that certain assesseees may be engaged in routing their unaccounted/illegal money in the garb of Agriculture income not only for claiming exemption but also engaged in the money laundering activities, the ITD had initiated action of verification of returns in cases where assesses had returned income of more than ₹1 crore from Agriculture. In order to furnish the factual statistics to Hon'ble Patna High Court, the Directorate of Income Tax (Systems) instructed all PCCITs/CCIT(CCA) to send a Status Report to DGIT after examination of aspects such as whether tax payer may have made a data entry error while filling up the return. In cases where scrutiny assessment is completed, AO was to provide feedback based on assessment records. Where proceedings under section 143(3) were pending, the AO was to verify the claim thoroughly. DGIT (Systems) identified 2,746 cases showing agricultural income above ₹ 1 crore in the ITRs of the assessment years 2007-08 to 2014-15 and directed the AOs to verify the claims of exemption on agricultural income in such ITRs and sought Status Report of such cases. Of 136 PCsIT selected by audit where status reports furnished to DGIT(systems) were sought, only 26 PCsIT in ten states furnished status reports to audit. As per the Status Report furnished to audit by the PCsIT in respect of 327 cases in Bihar & Jharkhand, Gujarat, Rajasthan, Kerala, North Eastern Region, Tamil Nadu, Uttar Pradesh & Uttarakhand, West Bengal & Sikkim as forwarded to the DGIT(Systems), there was a difference in amount of agricultural income as per the ITR filed by the assessee and the amount entered in AST system due to errors at data entry level in 36 cases.

30. It was also noticed that as the data entry errors reported above are based on information furnished by only few selected Commissionerates in ten States and compliance to furnishing of status reports to DsGIT(System) could not be ascertained in all the Commissionerates selected for audit, the status of corrections in respect of data entry errors in agricultural income in AST database for agricultural income claims greater than ₹ 1 crore could not be verified. As observed in audit, out of 36 cases data entry errors in 12 cases were yet to be corrected despite having been identified by the Department. As such, the correctness of AST database vis-à-vis agricultural income returned by the assessee could not be considered reliable. Errors in the database imply a dual risk: of loss of tax on one hand, and of harassment of tax payer on the other hand.

31. When asked to furnish the status of corrective actions taken by the Department in each of the 36 cases as pointed out by the Audit, the Ministry, in its written reply, furnished the following:

Para No. 5.9.4 - Data Entry errors reported in Status Reports furnished to the DGIT(Systems)					
Sl. No.	PCIT Charge	Name of assessee	PAN	A.Y.	Status
1	PCIT Allahabad	Madhu Shukla	CQZPS 5305K	2010-11	Agriculture income as per ITR is 45,000/-. Agriculture income as entered in ITS/AST by department is 4,50,00,450/-. Rectification made on dated 18.06.2020
2	PCIT Allahabad	Krishna Kumar Singh	BQBPS 7557J	2010-11	Agriculture income as per ITR is 58500/-. Agriculture income as entered in ITS/AST by department is 5,85,00,585/-. Rectification made on dated 18.06.2020
3	PCIT Allahabad	Divya Singh	CABPS 3236D	2010-11	Agriculture income as per ITR is 30000/-. Agriculture income as entered in ITS/AST by department is 3,00,00,30,000/-. Rectification made on dated 18.06.2020
4	PCIT Allahabad	Papendra Singh	AUJPS5 691Q	2008-09	Agriculture income as per ITR is NIL. Agriculture income as entered in ITS/AST by department is 1,02,74,780/-. Rectification made on dated 18.06.2020
5	PCIT Allahabad	Pushpa Singh	AWDPS 3119D	2008-09	Agriculture income as per ITR is NIL. Agriculture income as entered in ITS/AST by department is 16,40,700/-. Rectification made on dated 18.06.2020
6	PCIT Allahabad	Pradeep Kumar Rastogi	AGLPR 8786R	2008-09	Agriculture income as per ITR is NIL. Agriculture income as entered in ITS/AST by department is 10274175/-. Correction of agricultural income was made on dated 18.06.2020.
7	PCCIT Bihar & Jharkhand	Bhavan Singh	BRDPS 0418K	2010-11	Agriculture income as per ITR is 22,500/-. Agriculture income as entered in ITS/AST by department is 22,50,02,65,947/-. Date of rectification is 11.03.2013.
8	PCCIT Bihar & Jharkhand	Ram Shankar Singh	BDMPS 9590R	2009-10	Agriculture income as per ITR is 26,300/-. Agriculture income as entered in ITS/AST by department is 2,63,00,96,170/-. Date of rectification is 06.04.2016.
9	PCCIT Bihar & Jharkhand	Rajendra Prasad Gupta	AAHHR 9157A	2008-09	Agriculture income as per ITR is 1,25,000/-. Agriculture income as entered in ITS/AST by department is 12,50,00,33,600/-. Date of rectification is 22.03.2016
10	PCCIT Bihar & Jharkhand	Ramayodhya Prasad	BEEPP 3132C	2010-11	Agriculture income as per ITR is 65,000/-. Agriculture income as entered in ITS/AST by department is 8,00,00,262/-. Date of rectification is 22.03.2016.
11	PCCIT Bihar &	Arindam	AAGHA 1527F	2009-10	Agriculture income as per ITR is 4,50,000/-. Agriculture income as entered in ITS/AST by

Para No. 5.9.4 - Data Entry errors reported in Status Reports furnished to the DGIT(Systems)					
Sl. No.	PCIT Charge	Name of assessee	PAN	A.Y.	Status
	Jharkhand	Shahi			department is 45,00,00,23,100/-. Date of rectification is 22.03.2016
12	PCCIT Bihar & Jharkhand	Pramo d Kumar Agarwal	AACHP 3574Q	2010-11	Agriculture income as per ITR is 43,400/- .Agriculture income as entered in ITS/AST by department is 4,34,00,262/-. Date of rectification is 22.03.2016
13	PCCIT Bihar & Jharkhand	Manoj Prasad	ASAPP 5663Q	2010-11	Agriculture income as per ITR is 60,000/- .Agriculture income as entered in ITS/AST by department is 6,00,00,15,060/-. Date of rectification is 22.03.2016
14	PCCIT Bihar & Jharkhand	Lalita Devi	ACKPD 1599B	2010-11	Agriculture income as per ITR is 1,74,900/- .Agriculture income as entered in ITS/AST by department is 17,49,00,12,100/- Date of rectification is 29.01.2014
15	PCCIT Bihar & Jharkhand	Lal Babu Sharma	BBZPS 2320E	2010-11	Agriculture income as per ITR is 1,80,000/- .Agriculture income as entered in ITS/AST by department is 18,00,00,06,0,000. Date of rectification is 29.01.2014
16	PCCIT Bihar & Jharkhand	Rames hwar Singh	BAIPS6 989R	2010-11	Agriculture income as per ITR is 2,60,500/- .Agriculture income as entered in ITS/AST by department is 105000155/-. Date of rectification is 22.03.2016
17	PCCIT Bihar & Jharkhand	Arjun Soni	DGSPS 3308N	2011-12	Agriculture income as per ITR is 34,000/- .Agriculture income as entered in ITS/AST by department is 3,40,00,151/-. Date of rectification is 22.03.2016
18	PCCIT Bihar & Jharkhand	Raj Kumar Soman i	AAEJR5 919K	2011-12	Agriculture income as per ITR is 32,400/- .Agriculture income as entered in ITS/AST by department is 32,40,07,708/-. Date of rectification is 22.03.2016
19	PCCIT Bihar & Jharkhand	Vijay Kumar Tiwary	ADHPT 2918C	2011-12	Agriculture income as per ITR is 42,000/- .Agriculture income as entered in ITS/AST by department is 4,20,00,520 Date of rectification is 22.03.2016
20	PCCIT Bihar & Jharkhand	Awadh Hazra	AEYPH 8764N	2011-12	Agriculture income as per ITR is 50,200/- .Agriculture income as entered in ITS/AST by department is 50,20,01,54,093/-. Date of rectification is 22.03.2016
21	PCIT-3 Jaipur	Sharda Devi Pandia	AWPPP 5742D	2013-14	In this case, the assessee filed her return by showing wrong agricultural income amounting to ₹ 2,30,27,645 / - instead of ₹ 2,68,632/ -. This issue has been examined by the AO

Para No. 5.9.4 - Data Entry errors reported in Status Reports furnished to the DGIT(Systems)					
Sl. No.	PCIT Charge	Name of assessee	PAN	A.Y.	Status
					during the assessment proceedings and the agricultural income of ₹ 2,30,27,645/- shown by the assessee in ITR has been corrected as ₹ 2,68,632/- while passing assessment order u/s 143(3) on 18.01.2016.
22	PCIT-1 Jaipur	Abha Precision Pvt. Ltd.	AAECA 1136G	2012-13	On perusal of details, it has been found that in the return of income the assessee had shown agriculture income of ₹8,26,19,934/-. However, no such income had been declared in the Computation of total income as well as in the Profit & Loss account. The case of the assessee was completed u/ s 143(3) of the I.T. Act,1961 on 25.03.2015. During the course of assessment proceedings, the assessee also filed reply stating that no agriculture income was earned by it but the amount relates to sale of agriculture land and not agricultural income during the A.Y.2012-13. After verification of the facts stated by the assessee, the case of the assessee was completed u/ s 143(3), by considering the reply of the assessee as genuine. It appears that the assessee company inadvertently made data entry error while filing up the field of agriculture income in the return of income.
23	PCIT-1 Jaipur	Rajasthan Agencies Pvt. Ltd.	AAACR 7504F	2012-13	In this case assessment u/s 254(S.A.)/143(3) was passed on 20.12.2018 at an income of ₹ 2,01,89,600/- raising a demand of ₹ 59,33,810/-, agriculture income at ₹ Nil. But erroneously agriculture income was shown at ₹ 1,89,24,521/- in the computation sheet. The entry was a typographical error.
24	PCIT-1 Jaipur	Suruchi Punia	AORPP 5114M	2009-10	The ROI was filed on 12.06.2009 declaring total income of ₹ Nil, wherein the assessee has shown net agriculture income of ₹ 1,45,00,000/- and the same was processed on 24.11.2009 creating demand of Rs Nil. Thereafter, the assessee filed revised ROI on 31.03.2010 at the total income of ₹ Nil, in which the assessee has shown rectify net agriculture income of ₹ 1,45,000/- and the same was processed u/ s 143(1) on 14.05.2010 creating demand of ₹ Nil. Further,

Para No. 5.9.4 - Data Entry errors reported in Status Reports furnished to the DGIT(Systems)																							
Sl. No.	PCIT Charge	Name of assessee	PAN	A.Y.	Status																		
					in this case assessment u/ s 143(3) was completed on 29.11.2011 at total income of ₹ Nil, creating demand of ₹ Nil wherein agriculture income was determined at ₹ 1,45,000/-.																		
25	PCIT-1 Jaipur	Sita Ram Mali	ANJPM 1315N	2010-11	<p>The ROI for AY 2010-11 was downloaded from AST, wherein he has shown agriculture income of ₹57,20,62,10,912/- which is far from stretch of imagination and cannot be fact as the comparative chart for the total income of the assessee and agriculture income for A Y 2008-09 to 2012-13 (as per AST) is as under: -</p> <table border="1"> <thead> <tr> <th>A Y</th> <th>Total Inc.</th> <th>Agri. Inc.</th> </tr> </thead> <tbody> <tr> <td>2008-09</td> <td>108920</td> <td>48415</td> </tr> <tr> <td>2009-10</td> <td>149930</td> <td>50264</td> </tr> <tr> <td>2010-11</td> <td>159660</td> <td>57206210912</td> </tr> <tr> <td>2011-12</td> <td>159857</td> <td>Nil</td> </tr> <tr> <td>2012-13</td> <td>179563</td> <td>Nil</td> </tr> </tbody> </table> <p>From the above chart, it is clear that the agriculture income of ₹ 57,20,62,10,912/ - as shown in ITD cannot be true as the agriculture income from the preceding two years are ₹ 48,415/- and Rs 50,264/- and the next two years are NIL. Therefore, it appears to be data entry error while filing up the return.</p>	A Y	Total Inc.	Agri. Inc.	2008-09	108920	48415	2009-10	149930	50264	2010-11	159660	57206210912	2011-12	159857	Nil	2012-13	179563	Nil
A Y	Total Inc.	Agri. Inc.																					
2008-09	108920	48415																					
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2010-11	159660	57206210912																					
2011-12	159857	Nil																					
2012-13	179563	Nil																					
26	PCIT-1 Jodhpur	Arjun Singh Bhakar	AICPBO 059N	2009-10	<p>In this case the AO has reported that on examination of ITR of the assessee for the A.Y. 2009-10, 2010-11 and 2011-12, it is noticed that the assessee filed his ITR for the A.Y. 2009-10 (ITR 1) declaring total income of ₹ 1,49,860/- under the head Salary. He further reported that at the time of uploading data on AST in respect of total income and agricultural income and agricultural income, due to clerical mistake, in column 6 - Net Agricultural Income, the figure of total returned income i.e. ₹ 1,49,860/- has been typed twice as 1,49,86,01,49,860/-, whereas the assessee has no agricultural income during the F.Y. 2008-09 relevant to A.Y. 2009-10.</p>																		

Para No. 5.9.4 - Data Entry errors reported in Status Reports furnished to the DGIT(Systems)					
Sl. No.	PCIT Charge	Name of assessee	PAN	A.Y.	Status
27	PCIT-2 Jodhpur	Satay Narayan Soni	AEPPS 3130Q	2008-09	In this case the AO has reported stating that in the return of income the assessee has shown agriculture income of ₹4,37,11,220/- (exempt income) in ITR-3. Assessment u/s 143(3) was completed on 24.12.2010. During the course of assessment proceeding, it is clarified that the assessee had earned profit of ₹43,71,220/- on sale of agriculture land sold on 07.11.2007. The AO made an addition of ₹ 43,71,00/- on account of profit from sale of agricultural land treating the same as business income. The AO has also stated that the agricultural income shown in ITR at ₹4,37,11,220/-. Further this exempt agriculture income of ₹ 43,71,200/- has been added as business income in the assessment order and agriculture income has been determined at ₹ NIL.
28	PCIT(C)-2 Kolkata	Concast Ispat Ltd.	AAACC 9996J	2010-11	In this case, the concerned AO[DCIT,CC-3(3), Kol] & Range Head {JCIT, Central Range-3, Kol} has stated that, the Agriculture income was considered as Business income and the same had been added back to assessee's business income in the assessment order made u/s 143(3) of the IT Act dtd:22-05-2009.
29	PCIT(C)-2 Kolkata	Dankuni Steels Ltd.	AABCD 9406F	2007-08	In this case, the concerned AO[DCIT,CC-3(3),Kol] & Range Head{JCIT, Central Range-3, Kol} has stated that the Agriculture income was considered as Business income and the same had been added back to assessee's business income in the assessment order made u/s 143(3) of the IT Act. In this case, the concerned AO[DCIT,CC-3(3),Kol] & Range Head{JCIT, Central Range-3, Kol} has stated that the Agriculture income was considered as Business income and the same had been added back to assessee's business income in the assessment order made u/s 143(3) of the



Para No. 5.9.4 - Data Entry errors reported in Status Reports furnished to the DGIT(Systems)					
Sl. No.	PCIT Charge	Name of assessee	PAN	A.Y.	Status
					IT Act dtd: 11-03-2013.
30	PCIT(C)-2 Kolkata	Vijayshree Industries Pvt. Ltd.	AAACV9938K	2008-09	In this case, the concerned AO [ACIT,CC-4(3),Kol] has stated that, the audit party might have wrongly observed the exempt income of ₹3,91,04,354/- as agricultural income. The assessee has filed return u/s 139(1) and as well as in compliance to the notice u/s 153A. But, it did not claim any exemption for agricultural income. The assessee has claimed ₹3,88,84,947/- as LTCG, on which STT was paid and ₹2,19,407/- was claimed as dividend income, total of which comes to ₹3,91,04,354/-. Therefore, no data entry error occurred in this case.
31	PCIT-17 Kolkata	Deonandan Prasad Singh	BMTPS0876E	2015-16	Amount received as compensation by assessee on account of acquisition of agricultural land by Government of India was wrongly shown as agricultural income in return of income for AY 2015-16 and issue has been set right vide order passed u/s 143(2) dated 16/12/2017. Treating said amount as income from other sources under section 145 A.
32	PCIT Burdwan	Arun Kumar Das	AIZPD9382R	2008-09	There was a typing error in entry of data in the system from the ITR-4 filed on 27-03-2009 by Sri Arun Kumar Das for the AY 2008-09. The assessee disclosed Total Income ₹ 105700 and Agricultural income ₹5000. But entry was made in the box for agricultural income putting the agricultural income first and then the total income as a result the agricultural income was showing ₹5000105700.  The return was processed u/s. 143(1) on 14.03.2010 with total income ₹0 and agricultural income ₹ 5000105700. Later the processing was rectified u/s. 154 on 10-05-

Para No. 5.9.4 - Data Entry errors reported in Status Reports furnished to the DGIT(Systems)					
Sl. No.	PCIT Charge	Name of assessee	PAN	A.Y.	Status
					2016 with total Income ₹ 105700 and agricultural income ₹ 5000, resulting no demand or refund. Screenshots for both processing u/s. 143(1) and rectification u/s. 154 are given in one attachment.
33	PCIT(C)-1 Kolkata	Omprakash Agarwal	AERPA 2883A	2011-12	On completion of scrutiny assessment u/s 143(3) on 27.02.2014 in this case, the issue has been set right and as per computation sheet of total income of the assessee for AY. 2011-12 in ITD module, agricultural income has been shown as NIL.
34	PCIT-9 Kolkata	Lakshman Malik	AFVPM 5847F	2008-09	As per data base on rectification has been done in the said AY dated 13/09/2021.
35	Pr. CIT, SHILLO NG	CMJ Found ation	AAATC 6117A	2012-13	As entire agricultural income reported in the audited accounts was brought into tax u/s. 68 in the assessment order u/s. 146(3) and duly uploaded in AST systems, the observation of C&AG is not accepted.
36	PCIT DIBRUG ARH	Assam Compa ny India Ltd.	AAACT 7590B	2013-14	Scrutiny assessment of M/s Assam India Company Limited for the A.Y. 2013-14 is completed on 30.03.2016 and order was passed u/s 143 (3) of the Income Tax Act, 1961.

32. On being asked whether as a corrective measure, notices were issued in any of the cases where data entry errors were reported, the Ministry, in its written reply, stated as below:

"The corrective measures were taken by passing suitable remedial orders. The notices regarding the same as statutorily required have been issued. However, in most of the cases where rectification orders have been passed, the issue of notices has not been required as the consequent remedial effect has led to reduction of taxes payable by the assessee. "

33. The Committee observed that as pointed out by Audit, errors in database imply risk of loss of tax on one hand and risk of harassment of the tax payer on the other.

34. In this context when asked how the Ministry propose to address this error, the Ministry, in its written reply, stated as under:

"From the Assessment Year 2016-17 onwards, the Assessment Orders are compulsorily passed in new software namely, Income Tax Business Application (ITBA). There is marked difference in the approach of passing assessment orders in ITBA from legacy AST systems. In ITBA, the AO is required to follow a more detailed and comprehensive approach while making addition/ disallowances to compute taxable income. Now the AO is not able to make changes directly in the income computation screen. AO has to make additions/disallowances in various schedules provided in the income computation screen. Based on the changes made by the AO in various schedules on submitting the income computation button, the software computes income in various heads that have been amended and allow benefits of relevant deductions/exemptions/relief/adjustments and determine the taxable income and tax thereon. Thus, in the software, the data in the systems of the department would show the data of agriculture income determined in the assessment proceedings."

35. When asked about the reasons for mismatch between assessment amount, and amounts as recorded in AST, the Ministry, in its written reply, stated that:

"In Legacy ITD-AST the amount of Agricultural income was taken as per data given by the Taxpayers in e-filed ITRs and paper ITRs. The paper returns were processed by the ITD officers in AST after entering the data manually. Data Entry errors have been largely committed while punching data related to agricultural income in the system by Assessing Officers/ Data Entry Operator. It has also been reported by the Assessing Officers that in a few cases even assesses have committed data entry mistakes while filing the Income Tax return. Thus, the data of agricultural income in AST before assessment is unverified/raw data. In assessment, the detail of agricultural income is arrived at by Assessing Officers after due verification and examination of facts in each case and hence there is difference between the two figures as observed by the audit."

36. On being asked about inspection of exemption cases on account of agricultural income conducted after the implementation of e-assessment, the Ministry, in its written reply, stated as under:

"Instruction No. 16/2008 governs inspections in the Department and only following three offices are being inspected at present:

- i) CIT (A)
- ii) Range Head
- iii) AO

Further, it is to state here that the inspections are carried out for the Offices only. Therefore, it is precisely evident that the inspections are not carried out of the cases assessed by the AO or the head wise income declared by the assesseees.”

37. When asked about the means of ensuring that Data Entry errors as happened in AST will not occur in ITBA Data, the Ministry, in its written reply, stated as below:

“In Legacy ITD-AST the amount of Agricultural income was taken as per data given by the Taxpayers in e-filed ITRs and paper ITRs. The paper returns were processed by the ITD officers in AST after entering the data manually. Data Entry errors have been largely committed while punching data related to agricultural income in the system by Assessing officers/data entry operator. However, in ITBA almost all the returns are inwarded from e-filing as all the returns are e-filed now (except for a few paper returns in respect of Super Senior Citizens). Even in Paper ITRs, the maximum amount of exempt income that can be shown is only ₹5.000/-. Thus, the scope of data entry errors in case of agricultural income is almost nonexistent in ITBA. Therefore, such accountability mismatch that were taking place in AST is unlikely to happen in ITBA.”

**E. Compliance issues - Mistakes in Assessments (Para 5.9.5)**

38. Audit noticed non-compliance to provisions of the Act in 20 cases involving incorrect exemption granted for income derived from agricultural land, incorrect allowance of exemption for partial agricultural income, excess allowance of replantation expenditure/due to adoption of incorrect export turnover and exemption granted to non-agricultural income on account of sale of fish, sale of goats, sale of dry grapes, sale of milk etc. Nine such cases are illustrated below:

(a) Charge: Pr. CIT-1, Coimbatore, Tamil Nadu;  
AY: 2013-14;  
Agricultural Income allowed: ₹ 734.04 lakh

Section 2(1A)(a) of the Act provides that agricultural income includes any rent or revenue derived from land situated in India and used for agricultural purpose. Explanation 1 under Section 2(1A) envisages that revenue derived from land shall not include any income arising from the transfer of land which forms part of the definition of capital asset. In case of a company, the AO completed the assessment under section 143(3) in February 2016 at an income of ₹ 2.82 lakh. Audit examination revealed that the assessee sold

agricultural lands at Vilpatti Village, Kodaikanal Taluk, Dindigul District for a sale consideration of ₹ 8.74 crore which comprises of ₹ 5.32 crore being the sale consideration shown in the registered sale deeds and a premium of ₹ 3.42 crore which was not disclosed in the registered sale deeds and thereby no stamp duty was paid for the premium payment. The assessee claimed and was allowed exemption of ₹ 7.34 crore under section 2(1A)(a) towards the profit earned on transfer of agricultural lands. As the sale consideration for transfer of immovable property had to be taken as per the registered sale deeds, the premium received by the seller over and above the registered sale consideration had to be treated as 'income from other sources'. Omission to do so had resulted in inadmissible allowance of exemption of ₹ 3.42 crore with a short levy of tax of ₹ 1.11 crore. ITD agreed to look into the matter (October 2018).

(b) Charge: Pr. CIT-2, Pune, Maharashtra ;  
AY: 2012-13;  
Agricultural Income allowed: ₹ 23.50 lakh

The AO completed the assessment for AY under section 143(3) in March 2015 at an income of ₹ 3.49 crore. Audit examination revealed that the assessee sold an agricultural land at Deolali and claimed exemption of ₹ 172.74 lakh under section 2(1A)(a) for the profit earned therefrom. As the land sold was situated within the eight kilometers from the Deolali Cantonment Board, the land had to be treated as capital asset. Omission to do so had resulted in inadmissible allowance of exemption of ₹ 172.74 lakh with short levy of tax of ₹ 35.58 lakh.

(c) Charge: Pr. CIT-1, Coimbatore, Tamil Nadu:  
AY 2012-13, 2013-14 and 2014-15;  
Agricultural Income allowed: ₹ 246.68 lakh, ₹ 291.85 lakh and ₹ 436.50 lakh

The AO allowed exemption of ₹ 2.47 crore, ₹ 2.92 crore and a sum of ₹ 4.37 crore to the assessee for AYs 2012-13, 2013-14 and 2014-15 in March 2015, December 2015 and December 2016 respectively towards agricultural income from the sale of tea grown and manufactured. Income derived from the sale of Tea grown and manufactured by the seller in India will be computed as if it were income derived from business and forty per cent of such income will be deemed to be income liable to tax. The word 'derived from' cannot have a wide import so as to include any income which can in some manner be attributed to the business. The derivation of the income must be directly connected with the business and generated therefrom. It has been judicially held that interest income, duty drawback receipts and DEPB benefits, freight subsidy/transport subsidy received from Government, insurance claim etc. are not considered to be directly derived from eligible business. While computing

the taxable profit of the business, Duty Drawback and DEPB license income to the tune of ₹ 80.30 lakh, ₹ 60.44 lakh and ₹ 70.75 lakh for AYs 2012-13, 2013-14 and 2014-15 respectively were incorrectly taken into account as income derived from the business and exemption allowed for 60 per cent of such income. Due to non-exclusion of such income, there was an excess allowance of exemption of ₹ 126.89 lakh involving tax effect of ₹ 41.17 lakh.

(d) Charge: Pr. CIT, Dibrugarh, Assam;  
AY: 2014-15;  
Agricultural Income allowed: ₹ 11.01 lakh

The AO allowed (December 2016) exemption of ₹ 11.01 lakh towards agricultural income derived from the sale of tea grown and manufactured. While computing the taxable profit of the business income derived from manufacturing of tea out of bought leaves, cultivation expenses of ₹ 39.54 lakh was allowed erroneously. Due to non-exclusion of such expenses, the business income was under assessed to the extent of ₹ 23.48 lakh resulting in short levy of tax of ₹ 7.25 lakh.

(e) Charge: Pr. CIT-6, Bengaluru, Karnataka;  
AY 2013-14;  
Agricultural Income allowed: ₹ 353.37 lakh

The AO allowed (March 2016) exemption to the assessee towards agricultural income of ₹ 3.53 crore which included the income of ₹ 26.86 lakh derived from the sale of shade trees (i.e.) Silver Oak trees and Nilgiri Woods. It was judicially held<sup>109</sup> that the owners of tea/ coffee estates plant grevelia trees not for the purpose of deriving any income therefrom but solely for the purpose of providing shade for the tea/coffee plants and that such shade is essential for the proper cultivation of tea/coffee. The trees were cut down and sold after they had become useless by efflux of time. The Silver Oak trees in the tea/coffee estate constituted capital assets and the proceeds derived therefrom by sale would not constitute agricultural income under the Act. Failure to treat the sale of shade trees as capital in nature had resulted in excess allowance of exemption of ₹ 26.86 lakh and short levy of capital gain tax of ₹ 5.53 lakh besides interest.

(f) Charge - PCIT-3, Pune, Maharashtra;  
AY-2012-13;  
Agricultural Income allowed: ₹ 1,294.76 lakh

The AO completed the assessment for AY 2012-13 under section 143(3) in November 2014 at an income of ₹ 95.15 lakh. While computing total income, the income earned from export of floral and ornamental plants was treated as

business income and accordingly a sum of ₹ 43.45 lakh out of assessee's claim of agricultural income of ₹ 1338.22 lakh was disallowed. Audit examination revealed that while computing the above business income, the export turnover was incorrectly taken as ₹ 218.80 lakh as against the actual export turnover of ₹ 322.12 lakh. This had resulted in excess allowance of exemption of ₹ 103.32 lakh involving tax effect of ₹ 33.52 lakh.

(g) Charge: Pr.CIT-1, Coimbatore, Tamil Nadu;

AY 2014-15;

Agricultural Income allowed: ₹ 23.61 lakh

The AO allowed (August 2016) exemption of ₹ 23.61 lakh to the assessee for AY 2014-15 towards agricultural income which included the sale of Goats to the extent of ₹ 7 lakh that could not be considered as income derived from the agricultural land. It has judicially been held by the Madras High Court the goats held by the assessee cannot be said to be personal effects of the assessee and accordingly the income derived from sale of goats is assessable to income-tax. Incorrect allowance of exemption had resulted in short levy of tax of ₹ 2.16 lakh besides interest.

(h) Charge: Pr. CIT-Burdwan, Kolkata, West Bengal;

AY 2012-13;

Agricultural Income allowed: ₹ 30 lakh

The AO allowed (March 2015) exemption to the assessee towards agricultural income of ₹ 30 lakh which included the income from sale of fish to the extent of ₹ 16.66 lakh that could not be considered as income derived from the agricultural land. It has been held that income derived from fishing over land covered by water and which is not used for any agricultural purposes cannot be treated as income from agriculture in as much as fish cannot be treated as the produce of the land, since their element is water and therefore, their cultivation and welfare depend, in no sense upon agriculture. Incorrect allowance of exemption for non-agricultural income had resulted in undercharge of tax of ₹ 6.63 lakh.

(i) Charge: Pr.CIT-1, Pune, Maharashtra;

AY 2014-15;

Agricultural Income allowed: ₹ 117.21 lakh

The AO allowed (December 2016) exemption of ₹ 117.21 lakh to the assessee for AY 2014-15 towards agricultural income which included the sale of dry grapes of ₹ 93.31 lakh and sale of milk of ₹ 0.37 lakh. As dry grapes (kismis) is an agro-based industrial product and milk is a dairy product, the income therefrom could not be considered as income derived from the

agricultural land. The Apex Court held that the regularity of the sale of milk was effected and the quantity of milk sold showed that what the assessee carried on was a regular business of producing milk and selling it as a commercial proposition. Omission to disallow the claim had resulted in excess allowance of exemption of ₹ 93.68 lakh involving tax effect of ₹ 28.95 lakh.

39. On being asked about the action taken by the Department in the cases pointed out by Audit, the Ministry, in its written reply, furnished the following:

Para No. 5.9.5 - Compliance issues - Mistakes in Assessments								
Sl. No.	State	CIT Charge	AO Charge	Name of Assessee	PAN	AY	Tax Effect (in lakhs)	Reply
1	Assam	PCIT Jorhat	ACIT Cr, Jorhat	Marangi Pvt. Ltd.	AACCM 3316	2013-14	1.87	The Audit has raised objection stating that Replantation Expenditure had not been set-off to the extent of the Replantation subsidy received of ₹ 6,05,052/- and thus determined ₹ 1,86,961/- as short levy of tax. However, the Audit objection is not acceptable because as per section 10(30) of I.T. Act, 1961 states, inter-alia, "in case of an assessee who carries on the business of growing and manufacturing tea in India, the amount of any subsidy received from or through the Tea Board under any such scheme for replantation or replacement of tea, as the Central Government may by notification in the Official Gazette, specify".  Accordingly, objection



								raised by the Revenue Audit in the case is not acceptable and requires to be dropped.
2	Assam	PCIT Dibrugarh	ACIT C-2, Dibrugarh	Bhauram Jodhraj	AABFB668 2L	200 9-10	6.99	The case was reopened u/s 147 but in the order passed u/s 147 on 29.08.2016 no addition was made on the issue as the audit objection of apportionment of expenses on pro rate basis was outside the scope of reassessment, this decision of AO is based on CIT V/s Jet Airways 331 ITR 236 (Bombay High Court)
3	Chhattisgarh	PCIT-2, Raipur		Ganesh Bai Baghel	BOXPB2 886R	201 3-14	4.73	As per the report of the field the case of the assessee was reopened and notice u/s 148 was issued on 04/02/2020 and <b>the case is pending for re-assessment.</b>
4	Karnataka		ITO Ward 1 Bellary	S Anil Kumar	ABSPA8 022B	201 3-14	4.94	<b>Objection has been accepted.</b> Notice u/s 148 issued on 27.11.2018.
5	Punjab		Bathinda	GCA Marketing Pvt. Ltd.	AACCG35 15F	200 9-10 to 201 1-12	206.64	Not accepted, as the content of the draft para does not match with the objections raised by the Audit party during the Audit. The present audit objection is not correct as no incorrect exemption, allowances, excess allowance for re-plantation etc. has been granted from the income derived from agricultural land. In this case the entire agricultural income shown by the assessee has been assessed as income from other sources and taxed accordingly. The figure of

								less of revenue of ₹206.64 lacs in this case pertains to short levy of interest u/s 234 and not for incorrect exemption, allowances, excess allowance for re-plantation etc. granted from the income derived from agricultural land. The mistake regarding short levy of interest has been rectified u/s 154 dated 06.05.2019 and the report on the objection regarding short levy of interest has been sent on 02-08-2019.
6	Tamil Nadu	PCIT-3, Coimbatore		C. Thangara j	ABTPT5217E	2014-15	97.89	<p><b>Objection has been accepted.</b> Remedial action initiated by issuance of Notice u/s. 263 of the Act on 07.03.2019.</p> <p>Order u/s 263 setting aside the assessment and redo the same after considering audit issue was passed on 27.03.2019 as remedial action. Consequently, the Assessing Officer has passed order u/s 263 r.w.s. 143(3) on 11-12-2019 determining gross demand of ₹ 2,07,47,746/- and net demand of ₹ 2,04,22,830/- after prepaid taxes. This demand has not fallen due. Additional amount raised is ₹ 2,04,22,830/-</p>
7	Tamil Nadu	PCIT-1, Coimbatore		M/s Stanes Amalgamated Estates Limited	AACCS7196Q	2014-15	6.32	<p><b>Objection has been accepted.</b> Notice u/s 148 issued on 13.12.2019. Assessment was re-opened on 13.12.2019 and yet to be finalized.</p>
8	Tamil Nadu	PCIT-1, Coimbatore		M/s KPR Developers Ltd.	AADCK4094J	2012-13	2.61	<p><b>Objection has been accepted.</b> Notice u/s 154 issued on 06.07.2018, Remedial action order passed on 20/07/2018. Additional demand raised</p>

										3,51,890/- (including interest amount of ₹ 91,334/-)
9	Tamil Nadu	PCIT-3, Coimbatore		K. Vasunathan	ABPPV8547H	2014-15	97.89			<p><b>Objection has been accepted.</b> Neither the land purchase nor the provisions u/s 53(2)(vii)(b)(ii) was reflected in the CASS reasons.</p> <p>Remedial action initiated by issuance of Notice u/s. 263 of the Act on 07.03.2019.</p> <p>Order u/s 263 setting aside the assessment and redo the same after considering audit issue was passed on 20.03.2019 as remedial action. Consequently, the Assessing Officer has passed order u/s 263 r.w.s. 143 (3) on 11.12.2019 determining gross demand of ₹ 1,99,08,455/- and net demand of ₹ 1,99,08,455/- after prepaid taxes. This demand has not fallen due. Additional demand raised ₹ 1,70,07,423/-</p>
10	West Bengal	PCIT-3, Kolkata		PCM Agro Products Pvt. Ltd.	AADCP1449A	2015-16	1.21			<b>Rectification of the data entry error is under consideration.</b>
11	Delhi	PCIT-12	Ward 36(1)	Mohd. Yusuf Thoker	ACLPT9092Q		5.71			<b>Objection has been accepted u/s 154 dated 13.09.2021</b>
Sl. No.	Chapter	Para No.	Pg No.	Name of Assessee	PAN	A.Y.	Agricultural Income allowed (in lakhs)	Pr. CCIT Charge	PCIT Charge	Status
12	Compliance issues - Mistakes in Assessments	5.9.5	90	Tamarai Credit & Investments Private Ltd.	AABCT1235C	2013-14	734.04	Tamil Nadu	Pr. CIT-1, Coimbatore	<b>Objection has been Accepted by the Ministry and the matter is settled via</b>

										C&AG letter dated 31/03/2021
13	Compliance issues - Mistakes in Assessments	5.9.5	90	Sri B. Rajendra Sukhddev Mirgane	ABE PM 455 9M	2012-13	23.5	Pune	Pr. CIT-2, Pune	Objection has been Not Accepted by the Ministry and the matter is settled via C&AG letter dated 31/03/2021
14	Compliance issues - Mistakes in Assessments	5.9.5	91	The United Nilgiri Tea Estates Company Ltd.	AAA BCT 120 9H	2012-13, 2013-14 and 2014-15	246.68 , 291.85 & 436.50	Tamil Nadu	Pr. CIT-1, Coimbatore	<b>Objection has been Accepted</b> by the Ministry. Vetting Comments have been received by the Ministry for further comments. Further comments have been incorporated in the ATN being processed based on replies form field.
15	Compliance issues - Mistakes in Assessments	5.9.5	91	Banshidhar Sewbhogvan and Company	AA DFB 746 0J	2014-15	11.01	NWR	Pr. CIT, Dibrugarh	<b>Objection has been Accepted</b> by the Ministry and the matter is settled via C&AG letter dated

										31/03/2021
16	Compliance issues - Mistakes in Assessments	5.9.5	92	Sri Ramesh Bommegowda	AEJ PG7 473 A	2013-14	353.37	Karnataka and Goa	Pr. CIT-6, Bengaluru	<b>Objection has been Accepted</b> by the Ministry. ATN under process.
17	Compliance issues - Mistakes in Assessments	5.9.5	92	Rise N Shine Biotech Pvt. Ltd.	AA CC R72 52G	2012-13	1,294.76	Pune	PCIT-3, Pune	Objection has been Not Accepted by the Ministry and the matter is settled via C&AG letter dated 17/08/2021
18	Compliance issues - Mistakes in Assessments	5.9.5	92	Sri P. Palani chamy	AFY PPO 598 M	2014-15	23.61	Tamil Nadu	Pr.CIT-1, Coimbatore	<b>Objection has been Accepted</b> by the Ministry. Vetting Comments have been received by the Ministry for further comments. Further comments have been incorporated in the ATN being processed based on replies form field.

19	Compliance issues - Mistakes in Assessments	5.9.5	93	Sri Sutanu Sarkar	AVI PS7 034 H	2012-13	30	WB and Sikkim	Pr. CIT-Burdwan	Objection has been Not Accepted by the Ministry and the matter is settled via C&AG letter dated 14/01/2020
20	Compliance issues - Mistakes in Assessments	5.9.5	93	Belapur Industries Ltd.	AAA CBO 105 A	2014-15	117.21	Pune	Pr. CIT-1, Pune	<b>Objection has been Accepted</b> by the Ministry. Vetting Comments have been received by the Ministry twice for further comments. Further comments have been incorporated after receiving reply from the field office. ATN has been sent to C&AG dated 03/02/2021

**PART-II****OBSERVATIONS / RECOMMENDATIONS OF THE COMMITTEE****Introductory**

Agriculture is the primary source of income for a major chunk of the Indian population. Article 366(1) of the Constitution provides that the expression 'agricultural income' in the Constitution means agricultural income as defined for the purpose of enactments relating to Indian Income Tax. Section 2(1A) of the Income Tax Act, 1961 (the Act) defines the expression, which *inter-alia* implies that agricultural income is that income which is derived in the form of rent or any other form which is earned from a land situated in India and which is being used for agricultural purposes. Section 10(1) of the Income Tax Act exempts agricultural income from tax. The exemption from taxes has been granted so as to uplift the conditions of farmers.

The C&AG Report No. 9 of 2019 for the year that ended on March 2018 contains significant results of the compliance audit of the Department of Revenue-Direct Taxes of the Union Government and Chapter V of the Report deals with "Assessments relating to Agricultural income". Para Nos. 5.9.2, 5.9.3, 5.9.4 and 5.9.5 of Chapter V of aforesaid C&AG Report which deal with the subject "Exemption without verification of supporting documents"; "Incorrect reflection of agricultural income in ITD Database"; "Status of Verification by the Department: and "Compliance issues – Mistakes in Assessments" have been examined by the Committee and commented upon suitably in the succeeding paragraphs.

**Exemption without verification of supporting documents (5.9.2)**

1. Audit review of the scrutiny assessments in the selected cases during 2008-09 to 2013-14 indicated that in 1,527(22.5 per cent) of the 6,778 scrutiny assessments, the claim of exemption on account of agricultural income was allowed without verification of supporting documents such as the land records, income and expenditure statements, crop information, proof of agricultural income and expenditure such as ledger account, bills, invoices etc. Further, Audit scrutiny revealed that of the 1,527 cases, land records were not available in 716 cases (10.6 per cent) and proof of agricultural income and expenditure such as ledger account, bills, invoices etc. were not available in 1,270 cases (18.7 per cent). As per the Ministry's written response on these issues, from the assessment year 2019-20, the supporting documents that are required to claim exemption on agricultural income depend upon the facts and circumstances of the case including the amount of agricultural income claimed as exempt. Documents generally seen to allow the claim of exemption

from tax on agriculture income are, *inter alia*, Khasra & Khatauni, details of expenditure incurred in earning the agriculture income, sale invoices of crop sold, documents relating to ownership/rights over the agricultural land, cash book and/or bank statements of the assessee reflecting receipts on account of sale of agricultural produce, ledger accounts, bills and invoices. The representatives of the Ministry further submitted during oral evidence that from Assessment Year (AY) 2019-20, as per the ITR made applicable, the tax payer has to mention in the ITR: the name of District along with pin code in which the agricultural land is located; measurement of agricultural land in acres; whether the agricultural land is owned or held on lease; and whether the agricultural land is irrigated or rain-fed. CBDT has formulated a Faceless Assessment Scheme 2019, and incorporated the same into the Act w.e.f. 01.04.2021 as Section 144B. Further, team based assessment procedure has been put in place for ensuring proper examination and investigation. The Committee are of the considered opinion in this regard that while it is imperative for the Assessing Officers (AOs) to verify the supporting documents at the stage of scrutiny for allowing exemption, agriculturists may not possess the necessary wherewithal for understanding and complying with complex tax laws, and therefore, may not be able to present all the documents called for by the AO. The Committee, in this regard, feel that the Ministry needs to seek the assistance of other Ministries concerned for integrating data acquired through computerization of land records as well as other sources so that requisite information may be easily available and accessible for verification at the time of scrutiny of claims, inclusive of such cases where the documentation is observed to be lacking or incomplete.

2. Further, Audit has also referred to the observations of the Third Tax Administration Reforms Commission Report (2014) which noted that agricultural income of non-agriculturists is being increasingly used as a conduit to avoid tax and for laundering funds, resulting in leakage to the tune of crores of rupees in revenue annually. The Committee wish to point out that agriculturists are a heterogeneous category that includes small and marginal farmers as well as corporate houses etc. Therefore, the Ministry may look at the possibility of introducing different codes for farmers who have income only from agricultural sources as against those who have income from agriculture as well as non-agricultural sources. The Committee are of the view that this will help in segregation of cases involving income solely from agricultural sources from the other cases, and be of assistance in better targeting and scrutiny of cases. Further, taking into account the fact of increased financial inclusion due to opening of bank accounts under Pradhan Mantri Jan Dhan Yojana, the Government may encourage digital payments in the agriculture sector. The Ministry may also look into and analyse the practices being followed in States such as Odisha where agricultural produce is sold to co-operative societies and payment for the same is deposited in the



bank accounts of assessees, which enables easy verification of the income earned.

3. The Committee note that Section 143(3) of the Act dealing with detailed scrutiny envisages that after hearing the evidence produced by the assessee and such other evidence as the AO may require, and after taking into account all relevant material gathered, the AO shall, by an Order in writing, make an assessment of the total income of the assessee, and determine the sum payable by him or refund of any amount due to him on the basis of such assessment. Further, as per the Departmental Manual of Office Procedure, the Minutes of a case posted for hearing by issuing a notice during assessment proceedings under the relevant provisions of the Income Tax Act viz. Section 143(2) or 142(1) or 131 etc. must be entered with date in the Order-Sheet. The entry should cover, *inter alia*, the names of the persons attending the hearing on behalf of the assessee and their occupation, documents produced, (specifying documents examined and returned and documents filed), documents called for, issues discussed and re-posting, if any. Documents produced by the assessee (except those to be returned) must be filed in the Miscellaneous Record. Thus, detailed scrutiny as prescribed in law involves not only a detailed examination of records but also the maintenance of proper record of the documents etc. scrutinized in arriving at the Assessment Order. Notwithstanding the procedure as laid down, as observed by Audit, neither the Assessment Order nor the Order-Sheet in the cases scrutinized indicate that adequate reliance has been placed on such documents/data referred to above or any other documents. The Committee desire that all efforts should be made to ensure compliance with the procedure prescribed and necessary instructions issued to all Commissionerates for strict compliance of the stipulations of the relevant Sections of the Income Tax Act and the Departmental Manual of Office Procedure, during scrutiny.

4. The Committee note that Audit illustrated twelve instances where claim of exemption on account of agricultural income was allowed without verification of supporting documents. This is indicative of shortcomings in the process of assessment relating to agricultural income. The Committee also note that of the twelve instances illustrated by Audit regarding incorrect 'allowance' of the agricultural income for exemption, the Ministry has accepted four objections amounting to ₹ 147 lakh, ₹ 85.6 lakh, ₹ 63.43 lakh and ₹ 109.06 lakh and have not accepted the observations for the remaining eight instances which have a financial implication to the tune of ₹ 666.90 lakh. On this issue it has been informed *inter-alia* that the cases are in the process of being settled or the ATNs are under process; and that the second round of consultation with the C&AG is underway. The Committee desire that the process of assessment may be expedited and action be taken in a time bound manner so as to settle the remaining cases following the on-going consultation with C&AG.

5. The Committee have been informed that as a corrective measure to ensure appropriate documentation and verification, the Ministry has taken various actions viz. details of exempt income to be furnished in the ITR has been made more exhaustive from AY 2019-20 onwards; Faceless Assessment Scheme 2019 and Team based assessment procedure where the Assessment Unit can request verification by Verification Unit and seek technical assistance from the Technical Unit introduced. The Ministry have further stated that since the definition of Agricultural Income as per Section 2(1A) of the Act is wide, the facts regarding agricultural income may vary from case to case. Considering the aspect of non-uniformity in cases, for enhancing awareness of the AOs, the Department has been undertaking various measures such as, imparting training by Direct Taxes Regional Training Institutes (DTRTIs) and/or Ministerial Staff Training Units (MSTUs) across India. Further, various books have also been published viz. – ‘Techniques of Investigation for assessment’, ‘Let Us Share’ etc. containing specific instances of assessment cases and certain best practices followed in various areas. According to the Ministry, all these measures guide the Assessing Officers (AOs) in the field in examining the veracity of agricultural income. The Committee desire that besides measures like imparting training to the assessing officers and publishing books, which act as a means of guidance, the Ministry should also formulate SOPs to guide the Assessing Officers who are involved in the process of examination of the veracity of agricultural income claimed for exemption. The Committee further desire that the Ministry may make available an on-line compendium of list of possible sources based on their experience as well as the records of Assessment Orders; and the Order sheets envisaged in the relevant Sections of the Income Tax Act of the Manual of Office Procedure.

6. The Committee note that as regards the action taken by the Ministry towards implementation of the recommendation for 100 percent check of all cases by Audit in all Commissionerates, where agricultural income claimed is above Rs.10 lakh, the Ministry has *inter-alia* submitted that for AY 2020-21, 21,55,368 taxpayers reported Agriculture Income in their return of income, out of whom 59,707 taxpayers reported Agriculture Income exceeding ₹10 lakh. In view of the fact that number of the returns filed for a particular assessment year is significant, the number of cases selected for scrutiny is fine tuned with a view to striking a balance between available resources and various types of risk (which requires investigation) through Computer Aided Scrutiny Selection (CASS), which is a centralized system for selection of cases of scrutiny based on information in ITR, IT forms, TDS/TCS, data as reported by third parties, data received through inter-departmental MoUs etc. Further, CASS has been equipped with the aspect of identifying scenarios for selection of cases of agricultural income above a threshold level. The Chairman, CBDT, while tendering evidence before the Committee, mentioned that 3379 cases were

chosen out of the afore-mentioned total of 21,55,368 cases. The Committee have been apprised that as against 100 percent check of all cases in all Commissionerates, where agricultural income claimed is above ₹10 lakh, the Ministry has devised its own mechanism for picking up cases for scrutiny due to paucity of manpower to handle the same. The Committee recommend that a system may be designed to examine the 3379 cases so picked with due promptitude and based on these assessments, new scenarios may be included in the CASS for refining the process of selection of cases for scrutiny. The Committee note that the 3379 cases chosen by CBDT includes cases of taxpayers reporting agricultural income less than ₹10 lakh. The Committee are of the considered view that focus of scrutiny should be on assessee reporting higher agricultural income. The Committee, therefore, recommend that the Ministry consider devising a mechanism for categorization of cases of agricultural income in three slabs i.e. above ₹10 lakh, ₹50 lakh and ₹1 crore in CASS so as to better target high risk cases in the aforementioned categories. Such a measure will also facilitate scrutiny of different types of agriculturists with the limited resources available with the Ministry/CBDT and enable in preventing possible leakage of revenue.

7. The Committee also note that a major chunk of agriculturists are reluctant to file income tax returns due to practical difficulties which relate *inter-alia* to lack of awareness, frequency of going to IT Office and connectivity issues faced by them to travel to the Income Tax office etc. This has had the effect of resulting in non-availability of crucial information pertaining to agricultural production, land records etc. for the ITD database. There are also apprehensions of farmers that inclusion of their personal information in the Income Tax Database may disqualify them from accessing various welfare schemes of the Government. The reluctance of farmers is indicative of lack of trust and a negative perception regarding the Income Tax filing procedure. The Committee opine that if data of agriculturists is included in ITD Database, it will aid in not only widening the tax base of the country but also enable better monitoring and detection of cases of money laundering by ITD. The Committee, however, note that the process of filing returns through a website may seem challenging to agriculturists in the rural hinter land especially due to lack of awareness, digital divide and limitation of resources. The Committee are thus, of the considered opinion that Ministry may make efforts towards generating awareness regarding ITR filing procedures and also towards bridging the trust deficit. The Committee desire that the Ministry may consider the possibility of taking assistance of Panchayat/ Block level officers and NGOs to address these issues and carry out trust building exercises and educational seminars for small and marginal farmers to file and claim exemption on agricultural income. To further simplify the process of filing returns and address infrastructural issues faced by farmers such as lack of computer devices and stable internet connection, the Ministry may take

assistance from Post Offices which have a significant penetration at Village level. The Ministry may also see that refunds, if any, may be initiated with help of Aadhaar Enabled Payment System so that assessee claiming refunds get access to cash at their own doorstep without having to bear the cost of transportation to the Income Tax Office.

**Incorrect reflection of agricultural income in ITD Database (5.9.3)**

8. The Committee note that out of 3,133 cases checked across nine States in 48 cases [Bihar (02), Jharkhand (02) Karnataka (12), Kerala (07) Rajasthan (01), West Bengal (06), Tamil Nadu (09), Uttar Pradesh (04), New Delhi (05)], Audit observed a mismatch between the exemptions allowed in the assessment order vis-à-vis the information reflected in the ITD database. Even the agricultural income in the ITD database was observed to not reflect the agricultural income as returned by the assessee or depict irrelevant figures in cases where agricultural income allowed was different from that claimed by the assessee. In this regard, the Ministry in respect of the afore-mentioned cases has mentioned that mistakes were rectified by passing an order u/s 154 of the Act. Further, on close scrutiny of the reply of the Ministry, the Committee find that there are other issues of concern which include, anomalies in the process of rectification of lapses and non-furnishing of replies in respect of some cases. Also, the Ministry has not furnished any information on the status of action taken in respect of one case of PCIT Gurgaon. In view of the anomalies in the process of rectification of lapses and non-furnishing of replies in some cases, the Committee are compelled to infer that the monitoring system is mired with deficiencies. The Committee, therefore, desire that necessary action be initiated to identify the reasons for such lapses, and if warranted, responsibility fixed. Further, since the ITBA is an online platform, the Ministry may consider developing a module where the status report of action taken in respect of pending cases is generated and is shared with Supervisory Officers at regular intervals of time so as to facilitate monitoring within the Ministry.

9. The Committee observe that of the 48 cases pointed out by Audit in ITD database, 42 cases were auto-populated through AST and six cases were entered manually. The Ministry stated that prior to Assessment Year (AY) 2016-17, tax assessment and calculation were made as per the old system of Income Tax Department. However, AY 2016-17 onwards, the Assessment Orders are passed in the new software namely, Income Tax Business Application (ITBA). In ITBA, the AO is required to follow a more detailed and comprehensive approach while making additions/'disallowing exemption claims' to compute taxable income. Based on the additions/disallowances in various schedules made by the AO, the software computes income in various heads that have been amended and allows benefits of relevant deductions/

exemptions/ relief/ adjustments and determines the taxable income and tax thereon. Through this software, the data in the system reflects data of agriculture income as determined in the assessment proceedings. Further, to minimise interface with the assessee or his/her representative, the assessment procedure has been digitized and the same is conducted through e-assessment. Moreover, E-Assessment Schemes 2019 has already been implemented from AY 2018-19 onwards. The Committee observe that due to non-updating of database in the AST systems the agricultural income allowed during assessment was not captured in the ITD database and there was a risk of incorrect reporting of agricultural income and rebate allowed to the assessee for MIS purposes. The Committee hope that the Income Tax Business Application (ITBA) software is appropriately equipped to address such concerns. The Committee desire that Ministry undertake a study to ascertain the effectiveness of the ITBA so that legacy issues from AST systems are not continued in any form in ITBA.

10. As regards ITBA, another aspect brought to the notice of the Committee has been that Audit was not provided access to ITBA by the Ministry to enable examination of the operational efficiency of this new system. The Committee desire that access to relevant fields of ITBA needs to be provided to Audit as it will have the effect of helping the Ministry to further improve the system.

#### Status of Verification by the department (5.9.4)

11. The Committee note from Audit scrutiny that based on a Public Interest Litigation (PIL) filed in the Hon'ble Patna High Court, the ITD had initiated action of verification of returns in cases where assessee had returned income of more than ₹1 crore from Agriculture. Further, in order to furnish the factual statistics to Hon'ble Patna High Court, the Directorate of Income Tax (Systems) instructed all PCCITs/CCIT(CCA) to send a Status Report to DGIT after examination of aspects such as whether tax payer may have made a data entry error while filling up the return. According to the information made available to the Committee, DGIT (Systems) identified 2,746 cases showing agricultural income above ₹1 crore in the ITRs of the assessment years 2007-08 to 2014-15 and directed the AOs to verify the claims of exemption on agricultural income in such ITRs and sought a Status Report of such cases. The Committee note that out of 136 PCsIT selected by Audit where status reports furnished to DGIT (systems) were sought, only 26 PCsIT in ten states furnished the status reports to Audit. The Committee, in this regard, consider it to be appropriate to highlight the fact that the Comptroller and Auditor General of India conducts the audit of receipts of the Union Government under Section 16 of the Comptroller and Auditor General of India (Duties, Powers and Conditions of Service) Act, 1971. Hence, non-furnishing of required details to

Audit is a serious lapse and needs to be looked into thoroughly. The Committee, accordingly, desire that a detailed account of reasons for providing Status Reports in respect of only 26 PCsIT of the 136 PCsIT selected by Audit be furnished, explaining *inter alia* the position with regard to remaining 110 Commissionerates.

12. Further, the Committee note from Audit revelation that there was a difference in amount of agricultural income as per the ITR filed by the assessee and the amount entered in AST system due to errors of data entry in 36 of the 327 cases in Bihar & Jharkhand, Gujarat, Rajasthan, Kerala, North Eastern Region, Tamil Nadu, Uttar Pradesh & Uttarakhand, West Bengal & Sikkim as forwarded to the DGIT (Systems). In this regard, the Ministry submitted that data entry errors have been largely committed while punching data related to agricultural income in the system by Assessing Officers/ Data Entry Operators and in a few cases even assesseees have committed data entry mistakes while filing the Income Tax return. It was also noticed that as the data entry errors are based on information furnished by only few selected Commissionerates in ten States and compliance to furnishing of status reports to DsGIT(System) could not be ascertained in all the Commissionerates selected for audit, the status of corrections in respect of data entry errors in agricultural income in AST database for agricultural income claims greater than ₹ 1 crore could not be verified. As observed in Audit, of the 36 cases, data entry errors in 12 cases were yet to be corrected despite having been identified by the Department. As such, the correctness of AST database vis-à-vis agricultural income returned by the assessee could not be considered reliable. The Committee have been apprised that corrective measures have been taken by passing suitable remedial orders and rectification orders have been passed in all the 36 cases. The Committee desire that necessary action be taken to ascertain the correctness of the claims made in the status reports and also to fix responsibility on the erring officials in case of any faults in the status reports.

**Compliance issues - Mistakes in Assessments (5.9.5)**

13. Audit noticed non-compliance to provisions of the Act in 20 cases which involve granting incorrect exemption for income derived from agricultural land, 'allowance' of exemption incorrectly for partial agricultural income, permitting excess 'allowance' of replantation expenditure/due to adoption of incorrect export turnover, and granting exemption to non-agricultural income on account of sale of fish, goats, dry grapes, milk etc. and illustrated nine such cases. The Committee note from the reply of the Ministry that remedial action has been initiated in respect of each of the 20 cases. As per Section 2(1A) of the Income Tax Act, 1961, 'agricultural income' means (a) Any rent or revenue derived from land which is situated in India and is used for agricultural

purposes; (b) Any income derived from such land by agricultural operations including processing of agricultural produce so as to render it fit for market or sale of such produce; (c) Any income attributable to a farm house subject to fulfillment of conditions specified in the Act; and (d) Any income derived from saplings or seedlings grown in a nursery. For instance in Charge: Pr.CIT-1, Pune, Maharashtra the AO allowed (December 2016) exemption of ₹117.21 lakh to the assessee for AY 2014-15 towards agricultural income which included the sale of dry grapes of ₹ 93.31 lakh and sale of milk of ₹ 0.37 lakh. As dry grapes (kismis) are an agro-based industrial product and milk is a dairy product, the income there from could not be considered as income derived from the agricultural land. The Apex Court held that the regularity of the sale of milk was effected and the quantity of milk sold showed that what the assessee carried on was a regular business of producing milk and selling it as a commercial proposition. Not having 'disallowed' the claim resulted in excess allowance of exemption of ₹ 93.68 lakh involving tax effect of ₹ 28.95 lakh. The Ministry have stated that since definition of Agricultural Income as per Section 2(1A) of the Act is wide, the facts regarding agricultural income may vary from case to case. The Committee express the view in this regard that such cases may be prevented if AOs are kept apprised of updated 'case laws' pertaining to definition of Agricultural Income. The Committee desire that issues relating to interpretation of definition of agricultural income can be clarified to the AOs by regularly updating the 'case laws' in the compendium, as recommended so that AOs may get access to all updated information necessary for assessment of agricultural income in a single digital compilation.

NEW DELHI;  
31 March, 2022  
10 Chaitra, 1944 (Saka)

ADHIR RANJAN CHOWDHURY  
Chairperson,  
Public Accounts Committee

Confidential**MINUTES OF THE SITTING OF SUB-COMMITTEE – IV (FINANCE) OF PUBLIC ACCOUNTS COMMITTEE (2021-22) HELD ON 8<sup>th</sup> SEPTEMBER, 2021.**

The Sub-Committee - IV (Finance) met on Wednesday, the 8<sup>th</sup> September, 2021 from 1100 hrs. to 1230 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

**PRESENT**

**Shri Bhartruhari Mahtab** - **Convenor**

**MEMBERS****LOK SABHA**

2. Shri Subhash Chandra Baheria

**RAJYA SABHA**

3. Dr. C.M Ramesh
4. Shri V. Vijayasai Reddy

**LOK SABHA SECRETARIAT**

1. Shri TG Chandrasekhar - Joint Secretary
2. Shri Tirthankar Das - Director
3. Smt. Bharti S. Tuteja - Additional Director



**REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

1.	Shri K. R. Shriram	-	Dy.CAG
2.	Ms. Monika Verma	-	DG
3.	Shri Kartikay Mathur	-	DG
4.	Shri S. V. Singh	-	PD

2. At the outset, Hon'ble Convenor, Sub-Committee - IV (Finance) welcomed the Members and Officials from C&AG Office to the Sitting of the Sub-Committee convened to have briefing by Audit on the subjects; i) "Assessment of Assesseees in Entertainment Sector" based on C&AG Report No. 1 of 2019; (ii) Exemption without verification of supporting documents"; "Incorrect reflection of agricultural income in ITD Database"; "Status of Verification by the Department" and "Compliance issues - Mistakes in Assessments" based on Paras 5.9.2, 5.9.3, 5.9.4 and 5.9.5 of C&AG Report No. 9 of 2019 respectively; and (iii) "Levy of Anti - Dumping Duty (ADD) on imports" based on Chapter III of C&AG Report No. 17 of 2019.

3. Thereafter, the officials of C&AG of India briefed the Sub-Committee about the observations contained C&AG Report No. 1 of 2019 on ""Assessment of Assesseees in Entertainment Sector". The Committee were apprised that the Ministry of External Affairs had accepted the irregularity in granting income tax exemption to the Registrars and had brought out a notification to rectify the same.

4. The Members then sought clarifications on issues like rationale behind granting the income tax exemption to the Registrars, recovery of the amount with retrospective effect, amount recovered till date, fixing of accountability and responsibility etc.

5. Thereafter, Audit officers briefed the Committee on important observations made in Paras 5.9.2, 5.9.3, 5.9.4 and 5.9.5 of C&AG Report No. 9 of 2019 on "Exemption without verification of supporting documents"; "Incorrect reflection of agricultural income in ITD Database"; "Status of Verification by the Department" and "Compliance issues - Mistakes in Assessments" respectively. Audit briefed the Committee on the need to harmonize and optimize use of spectrum, re-farming of spectrum from Defence Services and Ministry of Railways for commercial

telecommunication use, need to review the provision of additional guard band by Department of Telecommunications etc. Audit also highlighted that additional guard band provided to ensure interference free operation of networks, remained unutilized. Audit also highlighted issues like idling of administratively assigned spectrum surrendered by Teleservices Ltd., delay in withdrawal of excess spectrum from BSNL, inequitable allotment of Microwave Access spectrum to Telecommunications Service Providers (TSPs), Non-updation of National Frequency Register (NFR) etc. Audit also expressed the need to update and modernize telecommunication equipment to facilitate better monitoring.

6. The Members, while acknowledging the suggestions of Audit, sought clarification on issues like settlement of spectrum charges receivable from Defence, review of Defence and Railways spectrum band, withdrawal of excess spectrum from BSNL etc. The Committee also pointed out the need for a third party monitoring in distribution and management of spectrum etc.

7. Thereafter, Audit officers briefed the Committee on important observations made in Chapter III of C&AG Report No. 17 of 2019 on "Levy of Anti -Dumping Duty (ADD) on imports". Audit highlighted issues like construction of LHS at places where diversion road already existed, non-provision of drainage system, inadequate survey and verification of construction site which led to water logging, non maintenance of constructed LHS, accidents at Level Crossings where LHS could not be used etc.

8. The Members, while noting that the responsibility of maintenance of constructed LHS lies with the State Government and the local municipal bodies, stressed on the need for the Ministry of Railways to play a more active part in the matter. The Members also noted that there was lack of proper planning and physical verification/survey of LHS construction sites. The Members also desired that General Managers of the Zonal Railways may be called to appear before the Committee for oral evidence along with the representatives of the Ministry of Railways.

9. The Convenor thanked the officials of C&AG of India for assisting the Sub-Committee during the deliberations.

**The Sub-Committee, then, adjourned.**

**CONFIDENTIAL****MINUTES OF THE SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2021-22) HELD ON 15<sup>th</sup> SEPTEMBER, 2021.**

The Committee sat on 15 September, 2021 from 1500 hrs. to 1700 hrs. in Room No. '53', Parliament House, New Delhi.

**PRESENT**

Shri Adhir Ranjan Chowdhury - Chairperson

**MEMBERS****LOK SABHA**

2. Shri Subhash Chandra Baheria
3. Shri Bhartruhari Mahtab
4. Shri Jagdambika Pal
5. Shri Vishnu Dayal Ram
6. Shri Rahul Ramesh Shewale
7. Shri Rajeev Ranjan Singh alias Lalan Singh
8. Dr. Satya Pal Singh
9. Shri Jayant Sinha
10. Shri Pratap Chandra Sarangi

**RAJYA SABHA**

11. Shri Shaktisinh Gohil
12. Shri Bhubaneswar Kalita
13. Dr. C.M Ramesh
14. Dr. M. Thambidurai
15. Shri V. Vijayasai Reddy

16. Dr. Sudhanshu Trivedi

**LOK SABHA SECRETARIAT**

- |    |                         |                       |
|----|-------------------------|-----------------------|
| 1. | Shri T.G. Chandrasekhar | - Joint Secretary     |
| 2. | Shri Tirthankar Das     | - Director            |
| 3. | Smt. Bharti S. Tuteja   | - Additional Director |

**REPRESENTATIVES FROM Ministry of Power**

<b>Sl. No.</b>	<b>Name</b>	<b>Designation</b>
1.	Shri Alok Kumar	Secretary
2.	Shri Ashish Upadhyaya,	Additional Secretary & Financial Adviser
3.	Shri S.K.G. Rahate	Additional Secretary
4.	Shri Vivek Kumar Dewangan	Additional Secretary
5.	Shri Mritunjay Kumar Narayan	Joint Secretary
6.	Shri Raghuraj Madhav Rajendran	Joint Secretary
7.	Shri Vishal Kapoor	Joint Secretary
8.	Shri Jithesh John	Economic Adviser
9.	Shri Ghanshyam Prasad	Joint Secretary

**REPRESENTATIVES FROM CPSES CONCERNED**

<b>Sl. No.</b>	<b>Name</b>	<b>Designation</b>
1.	Shri Gurdeep Singh	CMD, NTPC Ltd.

2.	Shri A.K. Singh	CMD, NHPC Ltd.
3.	Shri K. Sreekant	CMD, Power Grid Corporation of India Ltd.(PGCIL)
4.	Shri Sanjay Malhotra	CMD, REC Ltd.
5.	Shri R.S. Dhillon	CMD, Power Finance Corporation Ltd.(PFC)

**REPRESENTATIVES FROM THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

<b>Sl. No.</b>	<b>Name</b>	<b>Designation</b>
1.	Shri R. G. Vishwanathan	Dy. CAG
2.	MS. Sangita Choure	Dy. CAG
3.	Shri Deepak Anurag	Dy. CAG
4.	Ms Ritika Bhatia	Director General
5.	Shri D. K. Sekhar	Director General
6.	Shri A. V. Singh	Principal Director

2. At the outset, Hon'ble Chairperson, PAC welcomed the Members and Audit Officers to the Sitting of the Committee, convened to have oral evidence of the representatives of the Ministry of Power and CMDs of CPSEs concerned on the subject, "Construction of toilets in schools by CPSEs" based on C&AG Report No. 21 of 2019 and also to consider and adopt Draft Reports on the following subjects: (i) "Functioning of Directorate of Estates" and (ii) "Excesses over Voted Grants and Charged Appropriations (2018-19)". The Chairperson also welcomed new Member, Shri V. Vijayasai Reddy to the Committee.

3. The Committee firstly took up the Draft Reports on (i) "Functioning of Directorate of Estates" and (ii) "Excesses over Voted Grants and Charged Appropriations (2018-19)" for consideration and adoption. The Committee, after some deliberations, adopted the draft

Report on the subject "Functioning of Directorate of Estates" with minor modifications while the second Report on the subject "Excesses over Voted Grants and Charged Appropriations (2018-19)" was adopted without any modification. The Committee also authorized the Chairperson to finalise the aforesaid Reports on the basis of factual verification and present the same to the Hon'ble Speaker/ Parliament.

4. The Chairperson then asked the officers of C&AG to update the Committee on the action taken by the Ministry on the shortcomings pointed out and suggestions made by the Audit on the subject under examination. The officers from the Audit through a Power Point Presentation explained various related issues highlighting *inter-alia* the key Audit findings and response of the Ministry of Power thereto.

5. Members sought certain clarifications regarding the Audit findings which were replied to by the officials of C&AG.

6. Thereafter, the representatives of the Ministry of Power and CPSEs were called in.

7. The Chairperson then, welcomed the Secretary and officials of Ministry of Power and CMDs of PFC, NTPC, NHPC, REC and PGCIL. In his Introductory remarks, the Chairperson, PAC pointed out that Audit examined the records pertaining to the construction of toilets by five CPSEs of Ministry of Power and conducted physical survey of a sample of toilets constructed in schools in 15 States and found a number of discrepancies like non-existence and partially constructed toilets, unused constructed toilets, lack of running water and other basic facilities, poor hygiene and maintenance of toilets etc. Audit had also found that there have been inadequacies in identification of schools before starting construction of toilets and over stating of the number of completed toilets, delay in completion of toilets etc. Audit also noticed the use of pre-fabricated structures in constructing toilets which is in contravention to the direction of the Ministries and appointment of implementing agencies on nomination basis in contravention to CVC's directions. Impressing upon the witnesses to treat the proceedings of the Committee as confidential, the Chairperson asked the representatives of Ministry of Power/ CPSEs to brief the Committee on the remedial action taken by the Ministry on the Audit observations.

8. The Secretary, Ministry of Power thereafter, while making Power Point Presentation gave a brief overview of the various related issues and the corrective action taken by the Ministry on the Audit observations since then.

9. Then, the Chairperson and Members of the Committee asked various questions which *inter-alia* included factors responsible for non-achievement of targets assigned to

Power Sector CPSEs for construction of toilets as yet and extending the target date to 31<sup>st</sup> March, 2021-22 for the same work; monitoring mechanism put in place to ensure that all the toilets which were identified and approved for construction were actually constructed; why wrong information about the construction / functionality of toilets was given; whether any inspection was carried out before giving the information regarding functionality of toilets; whether Impact Assessment Study for toilets constructed by CPSEs was undertaken through external agencies; was monitoring through geo-tagged photographs of the completed toilets adopted by the CPSEs; how accountability has been established for non-construction of identified toilets; why were the directions of the Ministry for awarding the work through competitive bidding not followed by PFC and PGCIL.

10. The representatives of the Ministry of Power and CMDs of PFC, NTPC, NHPC, REC and PGCIL apprised the Committee about the status of corrective action taken by them since January, 2021 when PAC had held informal discussion during their Study Visit at Berhampore, West Bengal on the subject matter and had made specific observations. The representatives of CPSEs informed that various action being taken by them *inter alia* include conduct of fresh inspection and surveys of the schools constructed by them, inquiry into the reports of non-existent toilets, third party evaluation of completed toilets, monitoring of the construction activities through geo-tagged photographs and issues of the poor maintenance, if any noticed and assured that the job entrusted upon them will be accomplished to the best of their ability.

11. The Chairperson asked the Ministry to furnish written replies to the queries raised by the Members as well as to the list of points provided by the Committee Secretariat within 15 days. The Chairperson thanked the representatives of the Ministry of Power and CPSEs for appearing before the Committee and furnishing valuable information on the subject.

The witnesses, then, withdrew.

12. The Chairperson thanked the officials of the C&AG for assisting the Committee during the deliberations.

***A copy of the verbatim proceedings of the sitting has been kept on record.***

**The Committee then adjourned.**

Confidential**MINUTES OF THE SITTING OF SUB-COMMITTEE – IV (FINANCE) OF PUBLIC ACCOUNTS COMMITTEE (2021-22) HELD ON 3<sup>RD</sup> MARCH, 2022.**

The Sub-Committee - IV (Finance) met on Thursday, the 3<sup>rd</sup> March, 2022 from 1100 hrs. to 1130 hrs. in Committee Room. 'B', Parliament House Annexe, New Delhi.

**PRESENT**

**Shri Bhartruhari Mahtab** - **Convenor**

**MEMBERS****LOK SABHA**

2. Shri Subhash Chandra Baheria

**LOK SABHA SECRETARIAT**

1. Shri TG Chandrasekhar - Joint Secretary
2. Shri Tirthankar Das - Director
3. Smt. Bharti S. Tuteja - Additional Director

**REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

1. Shri Shailendra Vikram Singh - Director General
2. Shri Kartikaye Mathur - Principal Director

2. At the outset, Hon'ble Convenor, Sub-Committee - IV (Finance) welcomed the Member and Officials from C&AG Office to the Sitting of the Sub-Committee convened for consideration and adoption of two draft Reports on the following subjects:

- (1) "Levy of Anti-Dumping Duty on Imports"
- (2) "Assessment relating to Agricultural Income".

3. The Committee firstly took up the Draft Report on "Levy of Anti-Dumping Duty on Imports" and adopted the same without any modification. The Committee then considered the second Report on the subject "Assessment relating to Agricultural Income" and after some deliberations, adopted the Report with minor modifications.



4. The Committee also authorized the Chairperson to finalise the aforesaid Reports on the basis of factual verification and present the same to the Hon'ble Speaker/ Parliament.

**The Committee then adjourned.**

**CONFIDENTIAL****MINUTES OF THE ELEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2021-22) HELD ON 28<sup>th</sup> MARCH, 2022.**

The Committee sat on Monday the 28<sup>th</sup> March, 2022 from 1500 hrs. to 1610 hrs. in Committee Room "B", Parliament House Annexe, New Delhi.

**PRESENT**

Shri Adhir Ranjan Chowdhury - Chairperson

**MEMBERS****LOK SABHA**

2. Shri T.R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Bhartruhari Mahtab
5. Shri Vishnu Dayal Ram
6. Shri Rajiv Ranjan Singh *alias* Lalan Singh
7. Dr. Satya Pal Singh
8. Shri Jayant Sinha
9. Shri Vallabhaneni Balashowry

**RAJYA SABHA**

10. Shri Shaktisinh Gohil
11. Shri Bhubaneswar Kalita
12. Dr. C.M. Ramesh
13. Shri V. Vijayasai Reddy
14. Dr. Sudhanshu Trivedi

**LOK SABHA SECRETARIAT**

1. Shri T.G. Chandrasekhar - Joint Secretary
2. Shri Tirthankar Das - Director
3. Smt. Bharti S. Tuteja - Additional Director

**REPRESENTATIVES FROM THE OFFICE OF THE COMPTROLLER AND  
AUDITOR GENERAL OF INDIA**

<b>Sl. No.</b>	<b>Name</b>	<b>Designation</b>
1.	Ms. Sangita Choure	Dy. CAG
2.	Shri Rakesh Mohan	Dy. CAG
3.	Shri Sanjay Kumar	Director General
4.	Shri Manish Kumar	Director General
5.	Ms. Monika Verma	Director General
6.	Shri S.V. Singh	Director General

2. At the outset, the Chairperson, welcomed the Members and Audit Officers to the Sitting of the Committee, convened to take oral evidence of the representatives of the Ministry of Jal Shakti, Department of Water Resources, River Development and Ganga Rejuvenation on the subject "Ground Water Management and Regulation" based on C&AG Report No. 9 of 2021 and to consider the following three draft Reports:-

- (i) "Levy of Anti-Dumping Duty on imports";
- (ii) "Assessments relating to Agricultural Income" and  
XXXXXXXX

3. Following some deliberations, the Committee adopted the afore-mentioned draft Reports without any modification. The Committee also authorized the Chairperson to finalise the aforesaid Reports on the basis of factual verification and present the same to Parliament.

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XXXXXXXX

4.	XXX	XXX	XXX	XXX.
5.	XXX	XXX	XXX	XXX.
6.	XXX	XXX	XXX	XXX.
7.	XXX	XXX	XXX	XXX.
8.	XXX	XXX	XXX	XXX.
9.	XXX	XXX	XXX	XXX.
10.	XXX	XXX	XXX	XXX.

*A copy of the verbatim proceedings of the sitting has been kept on record.*

*The Committee then adjourned.*