CHAPTER II

ORGANISATION AT THE TOP
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We have, thus, approached the threshold of our actual study, viz, how is the Direct Taxes machinery organised and how does it function today. We will start from the top.

Finance Minister of the Government of India is the top boss of the Income-tax Department. He has, however, so many other functions to do-like, budgeting, expenditure and looking after other departments of revenue and banking. Therefore, for the sake of convenience the President, on the advice of the Prime Minister, appoints one or two Ministers of State and/or Deputy Ministers one of whom heads the Department of Revenue. The Income-tax Department is a part of the bigger Department of Revenue. All the incumbents, below the Minister of State and Deputy Minister are civil servants rather than political functionaries. Next in the hierarchy comes the Revenue Secretary to the

60. Here it may be clarified that although the Department books after other Direct Taxes also, like Wealth-tax and Gift-tax, but in common parlance it is known as Income-tax Department only. (Carried...63)
Government of India. He has usually been an officer of the Indian Administrative Service with a recent exception when an officer of the Indian Audit and Accounts Service was posted on this position. Here it must be noted that in our world of increasing specialisation, it is very difficult for a generalist to be able to properly appreciate the finer points of a particular law under which he did never have had the experience of working. It was perhaps with this reason in view that the Administrative Reforms Commission suggested as early as in 1968 that the Chairman of the Board, who is an officer of the Indian Revenue Service should be a Secretary to the Government of India on the pattern of P&T Board. That way the Chairman will be directly reporting to the Minister and the Revenue Secretary will be saved of the day-to-day intricacies of the Income-tax Department.


(Contd....464)
Finance Minister
Minister of State
Revenue Secretary
Chairman (CBDT)

Member
(Income Tax)

D.I.
(Income Tax)

Member
(Wealth Tax & Judicial)

D.I.
(Research Statistics & Public Relations)

Member
(Revenue & Audit)

D.I.
(Audit)

D.I.
(Administration & Printing)

D.I.
(Systems)

D.I.
(Recovery)

Member
(Legislation)

Member
(Staff & Training)

Member
(Investigation)

Director
(Organization & Management)

D.G.
(Training)

D.I.
(Vigilance)

D.I.
(Revenue)

D.G.
(Special Investigation)

D.I.
(Investigation)

D.G.
(Intelligence)

D.G.
(Special Investigation)

D.I.
(Survey)

Delhi

Himachal Pradesh
Uttarakhand
Uttar Pradesh
Madhya Pradesh
Karnataka
Rajasthan
Andhra Pradesh
Chandigarh

West

Bengal
Orissa
Gauhati
Shillong
N.E. States

Punjab
Haryana
Uttar Pradesh
Bihar

D.I. - Director of Inspection.
D.G. - Director General.
The Central Board of Direct Taxes was set up by virtue of a separate enactment, vix., Central Boards of Revenue Act, 1963 (LIV of 1963). It has been given the power to administer the various Direct Taxes. The Board functions in a dual capacity. Its Chairman and Members function as Additional Secretaries to the Government of India in regard to matters arising from, the exercise of the powers and functions conferred on the Central Government. But as far as powers and functions conferred on the Central Board of Direct Taxes are concerned they function as Chairman and Members of the Board. The Board functions as the Department of Revenue while advising the Government on policy matters and communicating the orders of the Government. But when it comes to implementation of the policy it functions as the Central Board of Direct Taxes. It was felt by some that in combining the secretariat functions of the Department of Revenue and the administrative functions of the Central Board of Direct Taxes in the same persons the object of having the Board was defeated.


63. Select Committee of Parliament was also of the same view. See 49th Report (Second Lok Sabha).
However, it was not agreed upon by the Direct Taxes Administration Enquiry Committee. In its opinion administration should not be divorced from policy-making. In fact, policy making divorced of administrative responsibility becomes unrealistic. Such separation would only entail lack of coordination, delays and costlier administration. Constitutions of the P&T Board and Railway Board are good examples of successful centralisation of policy formulation and implementation. Study group on the Central Direct Taxes Administration which submitted its report in 1968 had altogether opposite view. It suggested separation of the dual functions of the Central Board of Direct Taxes. According to it the advantages of such separation outweighed the disadvantages. In the following table we sum up the advantages and disadvantages of having

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65. Ibid, Para 7.5 - page 136.

(Comtd....66)
separate organisation for policy formulation and implementation.

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<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
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<td>1. More time available to be devoted to policy formulation.</td>
<td>1. Policy making divorced of administrative responsibility; may be heading towards becoming more theoretical and unrealistic.</td>
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<td>2. Provision of a perspective which continuous absorption in specialisations with similar functions.</td>
<td>2. It will result in avoidable dichotomy of establishments ed work cannot be expected to produce.</td>
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<td>3. A separate body exclusively devoted to supervision of assessment and collection work will give better results in that field.</td>
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(Contd....67)
ADVANTAGES

4. A Board independent of the Secretariat will be able to better project its image of being above board.

5. An independent Board can identify with its employees before the Secretariat and, in return, may enjoy their extra loyalty.

6. Its decision relating to establishment matters would not be subject to regidity of approach as there would be no consciousness that the Board is a part of the Finance Ministry.

DISADVANTAGES

4. It will increase the cost of administration.

5. Even after separation the administrative wing will still have to advise the Government from time to time on fiscal policy, examination of fresh proposals of taxation, suggestions regarding modifications.

6. The policy planning wing will be devoid of day-to-day experiences of policy implementation.

(Contd....68)
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<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
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<td>7. It will better enjoy the confidence of personnel regarding the concern it exercises for their welfare.</td>
<td>7. Proper feedback will be lacking.</td>
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Going through these long lists of advantages and disadvantages, we arrive at the conclusion that the existing arrangement is the best way out. In fact a smaller Board, which earlier it was, could have faced some of the difficulties enumerated above. But now that we have a comparatively larger Board with exclusive areas of work assigned to the Members there is no ground to think in the direction of having two separate wings of policy formulation and implementation.

We will now have a look at the various areas of work assigned to the Chairman and Members of the Board. The Board need not perform all its functions sitting together as a single body. It assigns its various duties and functions to the individual Members constituting it. See Union of India V. Dalmia 50 ITR 127(SC) and Peroushad Glass and Chemical Industries Ltd. V. ITO 72 ITR 775.

(Contd....69)
CHAIRMAN

1. Administrative planning.

2. Posting and Transfers of the Commissioners of Income-tax, and approval of Postings and Transfers of Assistant Commissioners of Income-tax to the posts which carry special pay.

3. Matters relating to Training abroad.

4. Work relating to the Inspection Division.

5. Matters dealt with in the Foreign Tax Division.

6. Coordination and overall supervision of the work of the Board.

7. Control over the Directorate of Organisation and Management.

8. Matters relating to consultative Committee of Parliament and Direct Taxes Advisory Committee.

9. Supervision and control over the work of Chief Commissioner (Administration) and Commissioners and Commissioners (Appeals) posted in Delhi.

10. Any other matter which the Chairman or any member may consider necessary to be submitted to the Chairman.

(Contd....70)
MEMBER (INCOME TAX)

1. Matters relating to Income-tax, Excess Profit Tax, Business Profit Tax, Super Profit Tax and Sur Tax, other than those specifically allotted to the Chairman or to any other Member.

2. Supervision and control over the work of Chief-Commissioners (Administration), Commissioners and Commissioners (Appeals) in the State of Maharashtra including coordination of work among the Commissioner of Income tax posted at the same station or having common administrative cadre in the said state.

3. Supervision and control over the Directorate of Inspection (Income-tax) excepting the work relating to examinations.

MEMBER (LEGISLATION)

1. Work related with the reports of the various Committees and Commissions.

2. Matters relating to planning and legislation of Direct Taxes laws.

(Contd.....71)
3. Matters falling under the Compulsory Deposit Scheme, 1974, Taxation Law (Extension to Union Territory) Regulations 1963, Tax Concession Orders in respect of Dadra and Nagar Haveli, Goa, Damam and Diu And Pambichary, Tax Credit Certificates under Chapter XXII B of the Income Tax Act, 1961 and approvals required under Section 36(i) (vii) and (viia) of the Act.


5. Supervision and control over the work of Chief Commissioners (Administration), Commissioners and Commissioners (Appeal) in the States of Tamil Nadu, Kerala, Karmataka, and Amdhra Pradesh including coordination of work among the Commissioners posted at the same station or having a common administrative cadre in the said states.

MEMBER(Revenue and Audit)


(Comtd.....72)
2. **Collection and recovery of Taxes**, particularly those covered by section 179, chapter XVII; Section 281, 281B, 289, the Second Schedule and Third Schedule to the *Income-tax Act, 1961*.

3. **Write off of tax demands between ten lac and twentyfive lac rupees in each case.**

4. **Matters relating to Audit (Internal and Revenue) and Public Accounts Committee.**

5. **Revenue Budget.**

6. **Accounting and budgeting of Compulsory Deposit made under the Compulsory Deposit Scheme, 1974 and Companies Deposit(Surcharge of Income-tax) Scheme, 1983.**

7. **Purchase and recommendations for purchase of books and publications.**

8. **General coordination in the disposal of Board's work.**

9. **Supervision and control over the work of the Directorate of Inspection(Audit),Directorate of**

(Contd....73)
Inspection (Printing and Publications),
Directorate of Inspection (Systems) and
Directorate of Inspection (Recovery).

10. Supervision and control over the work of Chief
Commissioners (Administration), Commissioners and
Commissioner (Appeals) in the states of Punjab,
Haryana, U.P. and Bihar including coordination
of work among the Commissioners of Income-tax
posted at the same station or having common
administrative cadre in the state.

MEMBER (STAFF AND TRAINING)

1. Administrative matters relating to all Income-tax
establishments except Postings and Transfers of
the officers of the level of Commissioners.

2. Matters relating to deputation of Income-tax
officers and Assistant Commissioners of Income-tax
to ex-cadre posts.

(Contd....74)
3. Matters relating to training (except foreign training). This will include matters relating to National Academy of Direct Taxes, Regional Training Institutes and Ministerial Staff Training Units.

4. Vigilance, disciplinary proceedings and complaints against officers and staff.

5. Expenditure budget.


7. Office equipments.

8. Supervision and control over the work of Director General (Training), Directorate of Inspection (vigilance) and Directorate of Inspection (Income-tax) in matters relating to Examinations only.

9. Supervision and control over the work of the Chief Commissioners (Administration), Commissioners and Commissioners (Appeal) in the states of

(Comtd....75)
Madhya Pradesh, Rajasthan, Gujarat, and
Union Territory of Chandigarh including Coordina-
tion of the work among the Commissioners posted at
the same station.

MEMBER (WEALTH TAX AND JUDICIAL)

1. Matters concerning Wealth-tax, Gift-tax, and Estate-
duty excluding those relating to prevention and
detection of tax evasion or tax avoidance.

2. Matters falling under chapters XIVA and XXA and
Section 30-0 of the Income-tax Act, 1961.

3. Departmental publications and public relations.

4. Judicial matters under Chapters XIVA; XX, and
Section 288 of the Income-tax Act, 1961; writs
and appeals to High Courts and Supreme Court under
the constitution; Civil Suits under the Code of
Civil Procedure, 1908.

5. Matters relating to compilation and publication
of statistics and accommodation.

(Contd....76)
6. **Appointment of Standing Counsels and Special Counsels for the Department before High Court and Supreme Court.**

7. **Supervision and Control over the work of Directorate of Inspection (Research, Statistics and Public Relations).**

8. **Supervision and control over the work of the Chief Commissioner (Administration), Commissioners and Commissioners (Appeals) in West Bengal and Orissa, Guwahati, Shillong and N.E. States including coordination of work among the Commissioners posted at the same station.**

**MEMBER (INVESTIGATION)**

1. **Technical and administrative matters relating to prevention and detection of tax evasion particularly those falling under Chapters XIII B in so far as these are relevant to the functioning of Directorates of Inspection (Investigation) and**

(Comtd....77)

2. Processing of Complaints regarding tax evasions.

3. Administrative approval of filing, dropping or withdrawal of prosecutions cases in respect of offences mentioned in Chapter XXII of the Income-tax Act and corresponding provisions of other direct taxes laws.

4. Search, Seizure and reward to informants.

5. Survey.


9. Supervision and control over the work of the Directorate General (Special Investigation), Director of Inspection (Investigation), Directorate of Inspection (Intelligence) Directorate of Inspection (Special Investigation) and Directorate of Inspection (Survey).

10. Supervision and control over the work of all the Commissioners of Income-tax (Central), Commissioners of Income-tax (Investigation) and Commissioners of Income-tax dealing exclusively with Central charges.

Besides, following is the list of collective Functions of the Board:

1. Policy regarding discharge of statutory functions of the Board and of the Central Government under various laws relating to Direct Taxes.

(Contd. . . . . 79)
2. General policy relating to:
   (a) Organisation of the Departmental set-up and structure.
   (b) methods and procedures of work of the Board.
   (c) measures for disposal of assessments, collection of taxes, prevention and detection of tax evasion and tax avoidance.
   (d) recruitment, training, promotion, placements and conditions of service of personnel of the Board.

3. Matters concerning tax planning and legislation except matters allocated to Member(L).

4. Laying down of targets, fixing priorities for disposal of assessments and collection of taxes and other related matters.

5. Write off of tax demands exceeding Rs.25 lac in each case.

6. Policy regarding grant of awards and appreciation certificates.

(Contd....80)
7. Any other matter which the Chairman or any Members of the Board, with the approval of the Chairman, may refer for joint consideration of the Board. 

Looking at the powers of the Board, we find that it cannot interfere with the discretion of the Appellate Assistant Commissioner in the exercise of his appellate functions.\(^67\) It cannot direct the Income-tax Officer or any other Income-tax authority to make a particular assessment or to dispose off a particular case in a particular manner.\(^68\) However, the Board has the power to issue general circulars which are binding on the Department.\(^69\) Thus, the quasi-judicial functions of an Income-tax authority cannot be controlled by the Board in a particular case. But they can be

\(^{67}\) Proviso (b) to Section 119(1).

\(^{68}\) Vidarbha Housing Board V ITO. 92 ITR 430; 775 and J.K. Synthetics Ltd., V CBDT 83 ITR 335(S.C.).

\(^{69}\) Bela Singh Daulat Singh V CIT 62 ITR 250 and Kapadia V CIT 87 ITR 511.

(Contd....81)
Controlled in such a fashion as may come under the purview of general directions. But these general directions are not required to be limited to matters of administration only. The Board can issue instructions to remove uncall for hardship to the assessee. The power of the Board to issue general circulars should not put the tax payer in a position worse than envisaged in the law. The vice versa does not hold good. The Board can issue such directions as may give relief to the assessee or relax rigour of law. The highest court of the land has accepted the validity and enforceability of such circulars which are favourable to the tax-payer. The provisions of section 119(1) regarding Board's powers to issue circulars etc. are not ultra

70. Tata Iron & Steel Co. Ltd. v. Upadhyaya 96 ITR 1215.


(Comd...82)
vires article 14 of the constitution. Violation
of such circulars, however, cannot form the
subject matter of a lis in a court or in a Procee-
dings for issue of a writ. Subordinates who offend
such circulars only become open to departmental
disciplinary proceedings against them. Such circulars
should not over ride the law and rules of Income-tax.

Chairman and Members of the Board are
assisted by three Joint Secretaries, six Directors,
eight Deputy Secretaries and fifteen Under Secretaries;
besides, three or four Officers on Special Duty drawn
from various levels of seniority. Joint Secretaries
are otherwise Commissioners of Income-tax. They look
after Foreign Tax Division, Tax Planning & Legislation
Division and Administration. Till very recently the


73. CIT V Malayala Maisama & Co. Ltd., Tax LR 109
and Mammalal Jail V State of Assam AIR 1962 SC
386.

(Comtd....83)
Administration Division was manned by a Joint Secretary belonging originally to the Central Secretariat Service. But the recommendations of various committees that this officer should also be belonging to the Indian Revenue Service (Income-tax) has, of late, found favour. Now all the three Joint Secretaries are otherwise Commissioner of Income-tax. The six Directors are senior Assistant Commissioners of Income-tax. They look after Judicial Wing, Tax Planning & Legislation, Investigation and Administration. The second and third of these Divisions have two Directors each. The eight Deputy Secretaries are comparatively not so senior Assistant Commissioners of Income-tax. They look after Foreign Tax Division, Investigation, Public Accounts Committee affairs, Budget and Income-tax Coordination Cell, besides Income-tax and Wealth-tax. These nomenclatures are symbolic. In fact the entire work of the Board is divided among officers of one seniority but for the sake of convenience each officer is identified with one or two functions only. The fifteen Under Secretaries

(Comtd.....84)
are Income-tax Officers of the Class-I Service
(Now rechristened as Group'A' Service). Their
work is also divided on functional basis as mentioned
above. Till recently at almost all these levels the
Administration Division was manned by an officer of
the Central Secretariat Service. But, of late except
one under Secretary now all the officers are drawn from
respective levels of the Indian Revenue Service (Income-
tax). The ministerial staff is headed by fifteen or
sixteen Section Officers. Besides, each officer has
his own personal staff.

Supervision over the multiple Directorates
of Inspection is also divided among the various Members
of the Board. As we see from the chart appended with
this Chapter the Chairman has directly in his control
only the Directorate of Organisation and Management
and the Inspection Division. The remaining Directorates
are placed below the Members. The Directorates
are meant to assist the Board in the supervision.

(Comtd....85)
Control and coordination of the administration of Direct Taxes. These are attached offices of the Board. Each Directorate is headed by a Director of Inspection who is a senior Commissioner of Income-tax. The Directorate of Investigation and Special Investigation and the National Academy of Direct Taxes are the exceptions which are headed by Directors General who are necessarily senior level Commissioners. Except the Academy all the Directorates of Inspection Function from Delhi. The Academy is situated at Nagpur. Each Director of Inspection is assisted by two or more Deputy Directors or Inspection who are senior Assistant Commissioners of Income-tax.

All these carry

(Contd....86)
As has been mentioned earlier in this study the Directorates are vested with the authority to perform such functions of any other Income-tax Authority as may be assigned to them by the Board. However, the only Directorates which has powers under the Income-tax Act, 1961 are the Directorate of Inspection (Investigation) and Directorate of Inspection (Intelligence). These have powers relating to search and seizure. All other Directorates have non-statutory, advisory or directional functions.

There are three Directors General also. Two, Stationed at Delhi, look after the over-all supervision of the Directorates. The third, stationed at Nagpur, heads the National Academy of Direct Taxes. Besides, there is an Inspection Division working since 1957 under the Chairman. It is manned by two Inspecting Assistant Commissioners of Income-tax and a few Income-tax Officers. On behalf of the Board it carries out inspection of the work of some offices at random. It submits (Comd....87)
its report to the Chairman and advises him regarding the action which should be taken as a follow up measure. Lately, it has been entrusted with the job of vigilance matters against officers which duty of its also is advisory in nature. In the following paragraphs we will have a look at the function of the various Directorates.

DIRECTORATE OF INSPECTION (INCOME TAX & AUDIT):

It was established in 1940 as part of Board's office and was then known as DI(I.T.). Its functions included control over and inspection of the work of Income-tax Officers and supervision of the work of the Inspecting Assistant Commissioners throughout the country, on behalf of the Board. On 1.4.1946 it was separated from the Board and is now an attached office of the Board. It was rechristened as Directorate of Inspection (Income-tax & Audit).

(Comtd.....38)
In 1982, another Director was posted with this Directorate. Their functions are as under:

**D.I.(AUDIT) i**

1. Review and monitoring of Receipt Audit Objections in the various Commissioners charges and issue of general instructions to field offices in this respect.

2. Review and control of the work done by Internal Audit Parties.

3. Inspection of the Commissioners as far as their audit work is concerned.

4. Assistance of the Board to represent its case before Public Accounts Committee of Parliament.

5. Guidance of audit parties.

**D.I.(I.T.)**

1. Receiving from Inspecting Assistant Commissioners & Commissioners the annual programmes for carrying out inspections.

2. Examination and review of these inspection reports.

(Contd.....89)
3. Issue of general guidelines on the basis of such examination.

4. Monitoring the monthly reviews of the work of the Appellate Assistant Commissioners.


6. Quarterly review of the appeals, references and writs before the Tribunal, High Court and Supreme Court.

7. Monitoring of statistics regarding the pendency and disposal of cases by the Commissioners under their revisionary jurisdiction.

8. Conducting of Departmental Examination for all cadres and allied matters.

9. Formulation of rules etc. sprouting from passing of examination by officials, like crossing of efficiency bar, promotions etc.


(Contd.....90)
DIRECTORATE OF INSPECTION (INVESTIGATION):

It was earlier a part of the Directorate of Inspection (Income-tax). In 1952 it became a full-fledged Directorate. It helps field officers in improving the techniques of investigation. It guides them in gathering 'intelligence' against tax evaders. It coordinates and supervises investigations being carried on by in the various Commissioners charges. It has a All-India jurisdiction which helps in carrying out searches & seizures and surveys etc. in cases of big assesses or groups of assesses whose area of work is spread over more than one Commissioner's charge. For this purposes it maintains contacts with sister organisations like Central Bureau of Intelligence, Department of Customs and Central Excise, Directorate of Revenue Intelligence, etc. In the process of its day-to-day work the Directorate gathers enough knowledge about

(Conti.....91)
the techniques adopted by the assesses for tax evasion.
These are studied and guidelines are issued to field
officers to combat such evasion. In prosecution matters
also over all supervision is rendered by this Directorate.74

DIRECTORATE OF INSPECTION(RESEARCH,STATISTICS &
PUBLIC RELATIONS):

The Directorate is cadre-central authority for D.I.(Printing
& Publications) and D.I.(Recovery) apart from Director
Statistics. Its original function include:

1. Research study on tax matters.
2. Preparation, publication and distribution of
   brochures and booklets for general guidance of tax payer.
3. Compilation of statistics relating to administration
   of direct taxes.
4. Publicity of various provisions under different
   Direct Tax laws through media.
5. Monitoring the work of the Public Relations wings
   working under the various charges of the Commissioners
   of Income-tax.

74. In 1982 D.I.(Inv.)II(Bombay) was created and the
    entire country was directed into two parts placed
    respectively under the two Ds.I.(Inv.), See also
    instruction no.1484 dt.16.3.82.
6. Monitoring of the progress of the use of Hindi in the Department. (For this purpose a separate Hindi unit is functioning under the D.I. manned by two Hindi Officers, Translators and the complimentary staff).

Besides, Director(Statistics) who is assisted by two Statisticians and complimentary staff, is responsible for receipt, processing and tabulation of data regarding assessment and collection supplied regularly by field offices. It also undertakes statistical studies including forecasting of revenue.

DIRECTORATE OF INSPECTION(SPECIAL INVESTIGATION):

This is an offshoot of the Directorate of Inspection(Investigation). It was a creation of the Government's concern for centralised surveillance over monopoly houses. It became a fullfledged
Directorate in 1981. Its functions include:

1. Guidance of the field officers regarding investigation and coordinated action in the case of groups assigned to the Directorate.

2. Expediting completion of such assessments and collection of dues.

3. Collection and supply of information to the Central Board of Direct Taxes regarding assessments completed, concealment detected, penalties levied, tax collected etc. in such cases.

4. Study of tax avoidance techniques adopted by such assessors and suggestions regarding remedial actions.

Officers of the Directorate go on extensive tours throughout the country and discuss with concerned assessing officers the lines of investigation in selected cases. They help the assessing officers in drafting assessment orders and in preparing briefs at appellate stages.

(Contd....94)
The Directorate also collects information regarding the progress made in selected groups of monopoly houses at different stages—viz., assessments, penalties, collection and investigation etc. This information is often supplied to Public Accounts Committee and to Parliament.

Assignment of more and more groups of leading industrial houses has been recommended by the Public Accounts Committee.

DIRECTORATE OF ORGANISATION AND MANAGEMENT SERVICE (DOMS):

As a result of the recommendations of the Direct Taxes Enquiry Committee made in 1971 this Directorate started functioning in April, 1973 as an attached office of the Board. It reports directly to the Chief Chairman. Following are its three main functions:

1. Organisational development
2. Administrative planning.
3. Work study.

(Contd....95)
It encompasses in itself the following areas of work:

1. Management by objectives
2. Methods and procedures improvement
3. Performance evaluation
4. Special studies
5. Manpower planning
6. Cadre management
7. Work measurement
8. Staff inspection

The Directorate, thus carries out a continuous review of the procedures and systems of work, staffing norms, forms, registers and office lay out, etc. In 1981, an offshoot of this Directorate known as D.I. (Systems) came into existence for looking after exclusively the work relating to management information systems.

DIRECTORATE OF INSPECTION(VIGILANCE):

Before its coming into existence in 1978 the

(Contd.....96)
work assigned to this Directorate was being looked after by the Directorate of Inspection (Investigation).

With rapid expansion of the Department the importance of vigilance machinery had become paramount. Hence the formation of this separate Directorate. It works under the Member (staff & training). Its main functions are as under:

1. Keeping a watch over the carrying out of surprise vigilance inspections throughout the country of the offices of Income-tax Officers, Assistance Commissioners and Commissioners and the follow up action.

2. Scrutiny of intimations sent by officials under conduct rules regarding acceptance of gifts, employment of relatives in private firms, transactions in properties, etc.

3. Enquiry on the basis of complaints received by the Directorate against officials.

4. Preparation of list of officials of doubtful integrity, holding of enquiries and follow up

(Contd....97)
action as per rules and under directions of the Board.

5. Action as convener of the committee for weeding out undesirable officers who have attained the age of fifty years.

6. Advising the Board in vigilance matters when called upon to do so.

**DIRECTORATE OF INSPECTION(RECOVERY):**

Established in 1978 after branching off from D.I.(RS&PR) this Directorate looks after the following works

1. Control and supervision of arrear demand of all Direct Taxes.

2. Writing off and scaling down of demand in arrears under the various direct tax laws.

3. Monitoring of cases where Income-tax arrears are high (at present this limit is 10-25 lac).

(Comtd....98)
DIRECTORATE OF INSPECTION (PRINTING AND PUBLICATIONS):

This Directorate also emerged from the undivided D.I. (RS&PR) in 1979. Its functions include printing and publication of:

1) Direct Taxes Manuals and Bulletins.

2) Departmental publications for guidance of Officers and staff.

3) Various forms prescribed under the Direct Taxes Laws. (and also their distribution).

Besides, the Directorate advises the Board on formats of forms and statements including amendments of old forms, introduction of new forms and their review with a view to economise the expenditure thereupon. It also ensures prompt distribution of forms and bulletins, etc.

DIRECTORATE OF INSPECTION (INTELLIGENCE):

Established in 1981 the functions of this Directorate include -

1. Finding out the methods adopted by trade and

(Comtd.....99)
industry to avoid incidence of taxation or to evade payment of taxes and thereby generate black money and passing on information to field officers.

2. Monitoring of tax evasion petitions received from the Board.

3. Bringing to light specific cases of large scale tax evasion and even taking action to carry out searches and sequestration in exceptional cases.

4. Development of required liaison with other agencies like State Governments, Directorate of Revenue Intelligence, Enforcement Directorate, C.B.I. etc. for the purpose of boosting departmental intelligence.

**DIRECTORATE OF INSPECTION (SURVEY):**

Having been established in 1981 its functions include:-

1. Formulation of survey plans for the entire field establishment of the Department.

(Contd.....100)
2. Keeping a watch over survey work being carried out in various Commissioners' charges.

3. Taking care of the various requirements of manpower of the Commissioners' charges under overall directions of the Board.

4. If needed, making suitable suggestion to the Board regarding adjustments to be made in jurisdictions of the Commissioners in charge of surveys.

5. Deputising the Board in supervision of Central Information Branches functioning throughout the country.

NATIONAL ACADEMY OF DIRECT TAXES:

In modern times the importance of imparting proper training to government personnel cannot be over emphasised. This necessity was felt by the torchbearers of the Department as early as in early fifties when officers were started being trained by Commissioners of Income-tax in Bombay and Calcutta. Since 1957 full fledged training

(Comtd. ... 101)
course started for directly recruited class-I Income-tax Officers. This institution was known as Income-tax Officers Training College and was situated at Nagpur. Twelve years later the training schedule here was made more responsive to the needs of young tax administrators and the College was rechristened as the Indian Revenue Service (Income-tax) Staff College. The College was taken over by the newly set up Directorate in 1973. Simultaneously, it started four Regional Training Institutes at Bombay, Calcutta, Lucknow and Bangalore. These Institutes are headed by Deputy Directors who are senior Assistant Commissioners.

The Nagpur College was renamed as the National Academy of Direct Taxes in 1981 which has recently come to be headed by a Director General. The Regional Institutes are its Divisions. Also, there are about fourteen Ministerial Staff Training Units, spread over the Commissioners' Charges, which are

(Contd....102)
also functioning under over all supervision of the Academy. These Units impart training and refresher courses to clerks, stenographers and notice-servers. The Regional Institutes are for Income-tax officers, Inspectors, Head Clerks and Supervisors. The Academy imparts training to the directly recruited Income-tax Officers of Group 'A' service through Union Public Service Commission. The training schedule for them is now about two year long in which intra-academy training is divided into two spells of nine and three months' durations which sandwich another nine month on the job training in the field. The probationers have to pass the prescribed departmental examinations. The Nagpur phase, of course, only succeeds the foundational course at the Lal Bahadur Shastri National Academy of Administration of Mussoorie.

The Nagpur Academy also mounts short courses for Assistant Commissioners and Commissioners and

(Comtd....103)
on various matters like investigation, prosecution, vigilance and general administration, etc.

Thus, we see that since 1940 almost till date there have come into existence more than a dozen Directorates. These play a vital role by developing a positive liaison between the field officers and the Board. The increasing span of control of the Income-tax Department would have become unmanageable but for the intermediary role played by these attached offices of the Central Board of Direct Taxes. It is, however, noticed that there are no sufficient sanctions prescribed against non-compliance of the Directorates' directions by field establishments. The role of the Directorates will become more meaningful.
and effective if all the officers heading these Directorates are given right to comment on the performance of the field officers as far as it relates to work which is within the purview of the respective Directorates. That will go to increase the utility of the Directorates, will strengthen the departmental hierarchy, will give a boost to overall efficiency of the Department and will ensure sufficient feedback to the administrators at the top.