

## Chapter V: Grievance Redressal Mechanism in the ITD

### 5.1 Introduction

The Income Tax Department (ITD) introduced a Grievance Redressal Mechanism in 2003 to ensure prompt redressal of grievances of assesseees. Manual of Office Procedures (MOP)<sup>38</sup> envisages constitution of Regional Grievance Cells in the offices of the Chief Commissioners Income Tax (CCsIT) and lays down procedures for handling of the grievance petitions received from public.

The grievances of assesseees arise due to many reasons such as (i) delay in grant of refund, interest, short payment (ii) delay on rectification or adjustment of pre-paid taxes, (iii) harassment during search and survey or assessment proceedings, (iv) discourteous behaviour of the officials at the time of hearings etc. ITD has created elaborate grievance redressal machinery with the following objectives:

- a. Prompt redressal of every public grievance;
- b. Safeguarding the rights and dignity of a taxpayer in a democratic set-up;
- c. Enforcing higher standards of accountability on officers and staff of the department by taking disciplinary action against erring persons in selected cases;
- d. Gaining insight into the working of the system through the feedback received from the public with a view to effecting appropriate changes in the system;
- e. Acquiring better knowledge about officers and staff;
- f. Using public grievance as an input for the functioning of the department's vigilance machinery.

Thus, handling of grievances is an important function of the ITD which impacts public at large and needs greater attention.

### 5.2 Organizational set up

In the ITD, a hierarchy of Grievance Cells has been created which is as under:

- a. Central Grievance Cell directly under the Chairperson, Central Board of Direct Taxes (CBDT) and headed by an officer of the rank of a Director called Director of Grievances.
- b. Regional Grievance Cell : under the CCsIT or DGsIT

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<sup>38</sup> Chapter 14 of Manual of Office Procedures of Income Tax Department, Vol. I 2003

c. Grievance Cell: under the out station CsIT or DsIT

Besides the procedures for paper grievances laid down in MOP, Centralized Public Grievance Redressal Administration System (CPGRAMS)<sup>39</sup> of Department of Administrative Reforms and Public Grievances is a portal through which online grievances are received and the same are monitored and controlled by CBDT. The portal facilitates the ITD to handle grievance petitions filed online, and allows the petitioner to know the status of petition, and also to give a reminder to the ITD.

The Central Government has also issued guidelines, i.e., "The Income Tax Ombudsman Guidelines 2010", effective from 1 May 2010. The Ombudsman is independent of the jurisdiction of the ITD.

### 5.3 Citizen Charter

ITD issued its Citizen Charter in July 2010 laying down the following declaration of commitments to the tax payers:

- a. All grievances received from public must be disposed of by the concerned Assessing Officers (AOs) within 60 days of receipt of the grievances.
- b. Petitions of un-redressed grievances filed before next higher authority will be decided within 15 working days of receipt.
- c. The tax payer can approach the Income Tax Ombudsman in case of un-redressed grievance.

### 5.4 Audit objectives

The audit objectives were to assess the ITD's promptness in redressal of every public grievance within stipulated period of two months and to examine the status of grievance petitions received and disposed of as well as the status of pendency of grievances. We also examined whether proper monitoring and reporting mechanism existed in ITD. This whole audit exercise was intended to assess objectively up to what level Grievance Redressal Machinery of ITD has met its objectives.

### 5.5 Audit scope

We conducted a study during April to October 2013 to examine grievances received and disposed of by the ITD during FY 2010-11 and FY 2011-12 as well as pendency of grievances as on 31 March 2012 in Grievance Cells. Out of 114 CCsIT, 356 CsIT and 3,828 assessment units of ITD, we selected Grievance Cells functioning in 67 CCsIT, 149 CsIT and 1,160 assessment units for study as shown in *Appendix-10*.

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<sup>39</sup> <http://pgportal.gov.in/>

## 5.6 Audit findings

The audit findings are described in succeeding paragraphs in respect to ITD objectives:

### 5.6.1 Enforcing higher standards of accountability on officers and staff of the department

Accountability may be enforced with the existence of proper documentation of records and well defined monitoring mechanism. Therefore, audit went through the registers and other documents made available. We collated the data regarding online & manual grievances received and their disposal from 47 and 52 CCsIT/CsIT/DsIT(E) for FY 2010-11 and FY 2011-12 respectively as shown in *Appendix 11 and 12*. The findings in this regard are as follows.

#### 5.6.1.1 Poor maintenance of records

We did not get complete information<sup>40</sup> due to non-maintenance/improper maintenance of records in Grievance Cells. We found that dates of receipt of grievances were not shown in the records of most of the Grievance Cells due to which actual time taken in disposal of grievances could not be worked out. Break up of online grievances and manual grievances received were not maintained separately in Delhi, Indore, and Bhopal.

*CBDT stated (February 2014) that CCsIT Jaipur & Ahmedabad are maintaining registers properly. In CCIT Panchkula, in some cases date of receipt of grievances has not been mentioned and this deficiency has been removed from FY 2011-12. It also stated that CIT (Helpline) under CCIT (CCA), New Delhi is maintaining register CIT wise regarding manual grievances. These registers duly mention date of receipts of grievances. There is no need for maintaining manual register regarding online grievances as every petition and status is online.*

It is stated that instead of giving a comprehensive reply, CBDT has clarified only in respect of four out of 47/52 stations mentioned in the Report. Besides, we noticed that though CCIT Ahmedabad was maintaining registers, it was not in the format as prescribed in MOP. Moreover, registers were not closed monthly and monitored at appropriate level. Regarding CIT (Helpline) Delhi, it is clarified that audit observation pertains to CIT offices and not Regional Grievance Cells. Audit is of the view that CBDT may ensure that grievances received are documented and monitored properly.

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<sup>40</sup> In Mumbai, out of 15 CCsIT, status of grievances has been given only in respect of 03 CCsIT. In respect of other 12 CCsIT, information have not been made available to audit.

### 5.6.1.2 Non maintenance of grievance registers in the prescribed form

As per para 2.4.1 of MOP Chapter 14, a grievance register has to be maintained by every grievance cell and every AO in the proforma prescribed therein (Annexure-I of MOP).

We noticed that 45 of the 60 Grievance Cells selected did not maintain/improperly maintained Grievance Registers. However, in all grievance cells, monitoring of grievance registers was not being done by the concerned officers at regular intervals.

*CBDT stated (February 2014) that*

- 1. For online grievances, CPGRAMS generates all necessary reports hence no separate register need to be maintained for redressal and monitoring of grievances. The various Reports generated under the system take care of receipt/pendency/disposal of every grievance Age wise, CCIT wise, as well as Department as a whole.*
- 2. For paper grievances, the Central Grievance Cell has a D-Base software on which details of paper grievances received are maintained. CCsIT wise pendency list and consolidated report on age-wise pendency of grievances is also generated on this system. As such, no separate register for paper grievances is maintained in the Central Grievance Cell. However, the software for handling paper grievances has become obsolete (it was installed in 1985) and a request to replace the software by an upgraded version of software compatible with the requirements of the Central Grievance Cell is under consideration of DGIT (System).*
- 3. CCIT, Jaipur is maintaining registers in proper form. The CCIT Panchkula has not maintained registers in the prescribed form but it contains all the requisite information which is required for redressal of grievance petitions. The CCIT-I Ahmedabad has maintained grievance registers in proper format since 01/04/2013. The CIT (Helpline) Delhi is maintaining and monitoring disposal of Grievances on regular basis.*

Audit is of the view that

1. Even though maintenance of register is not required for online grievances as these are monitored through CPGRAMS, no report for monitoring redressal of grievances was shown to audit. Moreover, pendency of grievance noticed beyond stipulated period upto forty one *per cent* during FY 2011-12 implies that redressal of grievances is not being monitored properly.

2. Regarding D-Base software installed in 1985 maintained for paper grievances which has become obsolete, it requires urgent action for upgradation so that necessary registers could be maintained/reports could be generated.
3. CBDT reply pertains to only the above few stations. However, audit does not accept the position stated by CIT (Helpline) Delhi. CBDT informed audit in February 2013 that grievances received and their present status e.g. disposed/pending case wise along with code wise are not generated through system in respect of online/paper grievances. Moreover, software cannot generate CCIT wise break up.

#### **5.6.1.3 Non-submission of bimonthly report in the prescribed format**

As per para 2.4.2 & 2.4.3 of MOP Chapter 14, a bi-monthly report should be sent by the outstation Grievance Cells to the Regional Grievance Cell and then by the Regional Grievance Cell to the Central Grievance Cell under the Control of CBDT in the proforma prescribed therein (Annexure II of MOP).

In CCIT- Baroda, Rajkot and Surat, the reports were furnished to the concerned cells regularly. However, 57 Grievance cells did not produce any such record to show that the required bi-monthly reports were being sent in the prescribed format.

*CBDT stated (February 2014) that*

1. *Proforma of the bi-monthly report was prescribed in the year 1988 and presently no field formation is sending report in this proforma. Position of grievances received/settled is being furnished by CCsIT in their monthly DO letters to Zonal Members concerned. The Central Grievance Cell on its part is monitoring the disposal of grievances by sending the lists of pending grievances to CCsIT concerned and obtaining redressal reports from them from time to time. However, the Central Grievance Cell is now obtaining a consolidated report on monthly basis from each CCsIT.*
2. *In CCIT Jaipur and CCIT-I Ahmedabad monthly progress reports are sent to the Board. However, in CCIT Panchkula, CCIT Chennai and CCIT (CCA) Delhi, no bi-monthly report in the prescribed Proforma is being submitted. CCIT Chennai has stated that the practice of submitting Bi-monthly report by the outstation field offices shall be initiated.*

Audit verified from the records that Monthly Progress Reports were not sent upto the month of June 2013 in CCIT, Jaipur. These are being sent w.e.f. July 2013. Also, Audit is of the view that Manual of procedures (MOP) should be revised in the light of further developments and evolving of other good practices. Despite evolution of alternate mechanisms such as DO letter etc. for monitoring, disposal of grievances cannot be said to be satisfactory as it hovers around 60 per cent.

#### **5.6.1.4 Non segregation of grievances in different categories**

As per para 2.4.2 of Chapter 14 of MOP, every grievance should be segregated into various categories as indicated in Annexure II of MOP. We noticed that in most of the grievance cells, grievances were not segregated into categories as per MOP due to non/improper maintenance of details of grievances. Further, we noticed that wherever records were maintained, more than 80 per cent grievances related to the category of 'Delay in grant of refund/interest or short payment'. However, in six grievance cells<sup>41</sup>, more than 50 per cent grievances related to the category 'Complaint relating to administrative functioning, settlement of personal claims etc.'.

*CBDT stated (February 2014) that online grievances are automatically categorized while for paper grievances it is done manually. However, the software dedicated for paper grievances need upgradation and proposal for it, is under consideration.*

Audit is of the view that besides upgrading the software, action is also required to modify the MOP suitably.

#### **5.6.2 Prompt redressal of every public grievance**

The ultimate function of Grievance Redressal Machinery is to effectively and quickly redress all grievances received. Prompt redressal demonstrates ITD sensitivity to the genuine problems of taxpayers, thereby ensuring their goodwill. Prompt redressal requires speedy disposal of grievances which should be also acceptable to the petitioner. During audit our focus was on disposal of grievance as per criteria fixed by the Department. As per Central Action Plan for the FY 2011-12 and Citizens Charter of the ITD, all grievances received from the public must be disposed of by the concerned AO within 60 days of receipt of the grievances.

##### **5.6.2.1 Delay in disposal of grievances beyond stipulated period**

We noticed that ITD received 17,956 and 27,401 grievances including online and manual grievances during FY 2010-11 and FY 2011-12 respectively. Out

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<sup>41</sup> Kanpur, Bareilly, Allahabad, Ghaziabad, Lucknow and Dehradun

of these, ITD could dispose only 10,337 and 16,096 grievances within the stipulated period. The average percentage of disposal of grievances within the stipulated period during the FY 2011-12 was 59 per cent.

We noticed that only in 18<sup>42</sup> stations, disposal of grievances within stipulated period during these years was more than 60 per cent. In eight<sup>43</sup> stations, the percentage of disposal ranged from 3.8 to 22.5 only. Though there is slight increase in average percentage of disposal in FY 2011-12 in comparison to FY 2010-11 (55 to 59 per cent), the pendency of grievances has jumped from 7,619 to 11,305. Disposal of grievances within stipulated period was not satisfactory except in eighteen stations.

*CBDT stated (February 2014) that*

- 1. Majority of grievances received in the department relate to refund and rectification matters which are ultimately to be attended and resolved at the level of Assessing Officer (AO), and it takes time for the grievance to percolate to that level. However, it has made efforts to sensitise field formations for quick response to the grievances received by them.*
- 2. In CCIT Jaipur, efforts are being made to dispose of the grievances in time. In CCIT-I Ahmedabad, generally, the grievances are disposed of within reasonable period. According to them, in some cases delay is unavoidable due to reasons which are not entirely in the control of the concerned A.O and active involvement of the petitioner is required.*

Audit noticed that out of 7,167 pending grievances as on 31 March 2012 (Appendix 13), 3,732 grievances (52 per cent) are pending for more than one year. In these cases maximum delay ranged upto 11 years. Therefore, CBDT's reply regarding sensitizing field formations for quick response is not convincing.

#### **5.6.2.2 Delays due to forwarding of grievances to incorrect jurisdiction of AOs**

We noticed cases where grievances were addressed to AOs not concerned with the same, due to which redressal of grievances by the concerned AOs took more time. Table 5.1 illustrates delays due to forwarding of grievances on account of grant of refund to incorrect jurisdiction of AOs during FY 2011-12.

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<sup>42</sup> Chandigarh, Ludhiana, Raipur, Jalpaiguri, Odisha, Sambalpur, Bhopal, Indore, Jaipur, Udaipur, Ahmedabad, Bangalore, Puducherry, Madurai, Kottayam, Kozhikode, Ajmer & Jodhpur

<sup>43</sup> Allahabad, Kanpur, Guwahati, Shillong, Ghaziabad, Lucknow, Amritsar and Bareilly

Table 5.1: Illustrations of grievances forwarded to incorrect/non concerned AO					
CCsIT	Name of petitioner, AY	Date of receipt in grievance cell	Date of addressing to incorrect AO	Date of final disposal from correct AO	Delay in days
CCIT-Bangalore	Sanjeeva Kumar, AY 2008-09	06 Sep 11	13 Sep 11	20 Aug 13	652
CCIT-Bangalore	Swati Packaging Pvt. Ltd., AY 2008-09	09 Jan 12	01 Feb 12	01 Aug 12	143
CCIT-Bangalore	N. K. Balasubramanian, AY 2008-09	13 July 11	28 July 11	03 Feb 12	145
CCIT-Bangalore	Ittina Health Care Pvt. Ltd., AY 2007-08 and AY 2008-09	19 Mar 12	20 Mar 12	08 Aug 12	81
CCIT-Bangalore	Human Interface Consulting Pvt. Ltd., AY 2009-10	31 Jan 12	02 Feb 12	09 Apr 12	09

*CBDT replied (February 2014) for above cases as under:*

- 1. Sanjeeva Kumar: Grievance Cell took time in sending the grievance petition to the correct AO from September 2011 to August 2013 (23 Months). Grievance Cell forwarded the case at the levels of Addl. CIT, CIT & CCIT for monitoring.*
- 2. Swati Packaging Pvt. Ltd: Income of the assessee was below ₹ one lakh, ACIT C 12(3) forwarded the grievance petition to the correct AO (ITO W 12(2)) in August 2012 after six months.*
- 3. In remaining three cases time taken by the incorrect AO to the correct AO in sending the grievance petition was attributed to territorial jurisdiction determined by 5<sup>th</sup> letter of PAN or otherwise.*

Audit is of the view that reasons for such delays enumerated by CBDT are of administrative nature and these could have been minimized with proper mechanisms.

### **5.6.2.3 Age wise analysis of time taken in disposal of grievances**

We could analyse only 3,941 grievances disposed of beyond the stipulated period of two months in 37 CCsIT/CsIT as shown in *Appendix 14*. Out of 3,941 grievances, there were 376 grievances where ITD disposed the matter one year beyond the stipulated period while in 92 grievances, it was beyond two years.

*CBDT stated (February 2014) that delay was attributable to the reasons that requisite information was generally not received either from the assessee or any other agency, in the absence of which redressal of grievance petition may not have been possible.*



Audit is of the view that time limit of 60 days fixed by the ITD itself for redressal of grievances should be strictly followed by streamlining its administrative mechanisms.

#### 5.6.2.4 Pendency of grievances as on 31 March 2012

Pendency of grievances as on 31 March 2012 was analysed for 10,816 grievances in 43 CCsIT/CsITs (*Appendix 15*) as against 11,305 grievances pending in 52 CCsIT/CsITs as shown in *Appendix 12*. Further, age wise analysis of 7,167 pending grievances as shown in *Appendix 13* revealed that in 26 CCsIT/CsITs, grievances were pending for disposal from 2 days to more than 10 years beyond stipulated period of 60 days as on 31 March 2012. Table 5.2 shows illustrations of pending grievances beyond stipulated period during FY 2011-12.

Table 5.2: Illustrations of pending grievances beyond stipulated period					
CCIT	Cases of pending Grievances for disposal by concerned AOs for more than two months				
	Petitioner, AY	Nature of grievance	Date of grievance received in Cell	Date of grievance received by concerned AOs	Delay in months beyond stipulated two months as on 31 March 2012
CCIT, Odisha	Gourang Banerjee, AY 1999-2000 and AY 2002-03	Non-receipt of refund	06 May 2009	12 May 2009	33
CCIT-I, Kolkata	Shruti Khaitan AY 2005-06	Refund	31 Jan 2007	07 Feb 2007	60
CCIT-I, Patna	Brahmanand Pandey	Refund	01 Apr 2011	NA	10
CCIT, Allahabad	Bishop Gorge School	NA	NA	20 April 2007	57
CIT-I Chennai	Pradeep Dadha Agencies, AY 1997-98	NA	06 Jan 2005	Dec 2011	84
CCIT, Himachal Pradesh	Roshan Lal Sharma AY 2006-07	Refund	01 Apr 2011	27 Apr 2011	10

There were 1,948 grievances pending for more than one year and upto two years while 1,784 grievances were pending for more than two years. So the number of cases which were pending for more than one year was more than half of the total pending cases. ITD needs to pay greater attention to old pending cases.

*CBDT stated (February 2014) that in CCIT Jaipur, pendency shown is correct. In CCIT Panchkula, the reasons of pendency of grievance petition beyond the stipulated period can be ascertained only after receipt of report from the field offices.*

CBDT may ensure that grievances are addressed timely by effective administrative mechanisms.

### **5.6.3 Utilization of feedback received from the public**

As per para 2.1 of chapter 14 of MOP, one of the objectives of grievance redressal machinery is to gain insight into the working of the system through the feedback received from the public with a view to effecting appropriate changes in the system.

*In response to audit query, CBDT replied (February 2014) that no formal study had been conducted by the grievance cell to gain insight into the working of the system through the feedback received from the public.*

Audit is of the view that as per its objective the CBDT should take appropriate action to utilize the feedback received from the public to strengthen the redressal system.

### **5.6.4 Utilization of grievances for vigilance action**

As per para 2.1 of chapter 14 of MOP, one of the objectives of grievance redressal machinery is to use public grievance as an input for the functioning of the department's vigilance machinery.

*In response to audit query, CBDT replied (February 2014) that the grievances received in Grievance Cell involving vigilance angle are forwarded to the Vigilance Division for consideration/appropriate necessary action. No further follow up action is taken by the Grievance Cell on such grievances. Grievance Cell is not aware of the utilization of information from the public grievances forwarded to the Vigilance Division for the purpose of vigilance actions and the outcome of such action.*

Audit is of the view that without follow up of the information with the vigilance, forwarding of such information to vigilance is of no use. CBDT may take appropriate action in this regard.

## **5.7 Conclusion**

We noticed that ITD disposed of an average of 59 *per cent* of the grievances within stipulated period during FY 2011-12. Only in 18 Grievance Cells, the disposal of grievances within stipulated period was more than 60 *per cent*. In eight Grievance Cells, percentage of disposal ranged from 3.8 to 22.5 only.

The average percentage of disposal of grievances within the stipulated period during FY 2010-11 and FY 2011-12 was 55 and 59 *per cent* respectively. We noticed 7,167 instances of grievances which were pending for disposal by the concerned AOs as on 31 March 2012. The pendency of these grievances ranged from two days to more than 10 years beyond stipulated period of 60 days as on 31 March 2012.

The internal control for monitoring of redressal of grievances in ITD was not proper as prescribed registers/monthly reporting system was deficient. Due to improper maintenance of Grievance Register, vital information such as nature of grievance, grievance code etc. is not captured leading to delay in redressal.

*CBDT stated (February 2014) that it will be ensured that the percentage of disposal would increase in future.*

Grievance redressal is one of the most important aspects of ITD functions. Promptness and sensitivity in this regard projects the overall impression of the department in public. Therefore, disposal of grievances should not increase in quantitative terms only but it should also be ensured that satisfaction, dignity and rights of the petitioners are given due importance and priority. The pendency of grievances ranging from few days to upto 11 years shows that there are various flaws in the system and in the administrative mechanism which needs immediate attention.

New Delhi  
Dated: 30 May 2014



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New Delhi  
Dated: 30 May 2014

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