



I.T.G.O.A. ZINDABAD

# INCOME TAX GAZETTED OFFICERS' ASSOCIATION

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To  
Shri T. Jacob,  
Addl. Secretary, DoPT, and  
Chairman,  
Task Force for study of Cadre-restructure,  
New Delhi.

Sir,

**Sub: Task Force for comprehensive study on the Cadre-restructure of organised Gr.A Central Services- submission regarding.**

Ref: DoPT's OM vide F.No. I. 11019/10/2016-CRD dt. 22.08.2016 & 01.09.2016

Kindly refer to the above.

The Income Tax Gazetted Officers' Association (ITGOA) represents all Gr. B and promotee Gr. A officers in Income Tax Department, Ministry of Finance. Our membership comprises of all promotee officers from the Commissioner of Income Tax down to the level of Income Tax Officer, Administrative Officers and Private Secretaries. We are happy to note that the Task Force has sought for the comments/views of the representatives of Gr. A Service vide your Department's OM dated 01.09.2016 and so, representing all promotee Gr. A officers of the Income Tax Department, we submit the following facts/points, as per the Terms & References of the Task Force, for your kind consideration:

## **1. NEW MODEL**

The last Cadre Restructuring in the Income Tax Department, notified by the Cabinet on 31-05-2013, increased the number of Assessment units with a view to collect additional revenue of more than Rs.25,000 crore per annum over and above the normal yearly target of Direct Tax Collection. The new model of staff deployment emphasizes on areas like TDS, International Taxation, Exemption, Criminal Investigation, etc. to achieve the target. The required number of Supervisory Officers, in the cadre of Chief Commissioner, Commissioner and Additional/Joint Commissioner of Income Tax were also created, either by elevating the existing cadre or creating new posts, for the purpose. Ironically in the Cadre-restructuring, 2013, 527 supervisory posts (Pr. CCIT to JCIT) were created whereas only 202 posts (against initially proposed 600 posts) were created at the cutting edge level of ACIT/DCIT i.e. the entry level post of Group-A.

## 2. PRESENT STRUCTURE AFTER CRC 2013

Indian Revenue Service [IRS (IT)] is the second largest Organized Group A service after IAS. It runs the Direct Tax administration of the Country. Though in the DoPT's CRD Monograph, 2010 classifies IRS (IT) as *Non-technical Service*; but the officers belonging to this service discharge *quasi-judicial* duties or supervise *quasi-judicial* functions, as empowered by probably the most complex legislation of the Country, Income Tax Act. The present composition of the cadre (after Cadre restructuring, 2013) is as under:

Apex	HAG+	HAG	SAG	NFSG	JAG	STS	JTS	Reserves	TOTAL
PCCIT	CCIT	PCIT	CIT	Addl. CIT	JCIT	DCIT	ACIT	--	--
26	91	300	635	1575		1394	900	620	5541

It is very evident from the above that the desired share of 3% for HAG onwards posts out of total Senior Duty Posts, as per the extant rule of the GOI, has been grossly ignored (the actual share is of 10.3 %).

## 3. IMPACT ON BUDGET COLLECTION:

The inadequate creation of posts in the cadre of ACIT/DCIT in cadre-restructuring, 2013, who are responsible to work in field and handle all the big assesseees of the country, would definitely adversely affect the additional revenue collection envisaged. The revised Budgetary target fixed and achieved by the Income Tax Department in last 3(three) Financial years are as follows:

<u>Financial Years</u>	<u>Target (Rs. in Crores)</u>	<u>Collection (Rs. in Crores)</u>
2013-14	668109 (revised 636318)	638543
2014-15	736221 (revised 705628)	695988
2015-16	797995 (revised 752021)	744426

The above clearly shows that for last 3 years, since the implementation Cadre-restructuring in the year 2013, the Department is struggling to achieve the normal Budget target collection itself, leave alone the additional collection of Rs. 25,000 crore per annum. This is mainly due to inadequate creation of posts in the cutting edge level i.e. ACIT/DCIT.

## 4. OBSERVATIONS OF 7<sup>TH</sup> PAY COMMISSION:

*The 7<sup>th</sup> Pay Commission* also examined the *Cadre Restructuring, 2013*, very closely and recommended its review. The relevant paragraphs of the report are reproduced as under:

Para 11.18.38 :

*"The Commission further notes that the cadre restructuring of the IRS (IT) not only increased the number of posts at the Apex/HAG+ levels, ....has resulted in making the structure of IRS (IT) somewhat top heavy.*

Further, the Commission made the following observations in para 11.8.40:

*“In view of the above, the Commission observes that it may be worthwhile for the Department of Revenue to make a fresh assessment of the cadre structure of the IRS (IT) against the backdrop of functional requirements of the Department.”*

Cadre Restructuring Exercise, initially conceived to ensure higher revenue collection and meet up legitimate career aspiration of the officers and employees, has finally landed up in a top heavy structure and less than targeted revenue collection in last three years. Unprecedented numbers of posts were created at the level of HAG onwards at the cost of the posts at cutting edge level of ACIT (JTS) and DCIT (STS). Even the 7<sup>th</sup> CPC has observed presence of more than 10% posts at HAG onwards against the DoPT's prescribed limit of 3%.

## **5. BACKGROUND:**

After holding wide ranging discussions with all the stakeholders in the Department and after extensively looking into present and future role of the Department and taking into account the career aspirations of various cadres viz-a-viz functional needs and the promotional avenues available in other similarly placed services, the Cadre Review Committee set up by the Department had suggested additional posts in the Department. The recommendations were made after exhaustive studies on three models such as scrutiny assessment-workload model, revenue collection model and expected tax payer model.

But finally, major reduction in posts was done at the cutting edge level posts of DCIT/ACIT and this clearly justifies the anomalous situation created in the Department as observed by the Pay Commission too. Despite creation of the huge posts of top rung official, reduction of posts at the level of field functionaries, has resulted in making the structure of IRS (IT) somewhat top heavy and so, 47 % of the cutting edge level ACIT/DCITs is working in the Department under the supervision of 53% of the top level officers.

Though 600 posts at cutting edge level were proposed to be created initially in the Cadre-restructuring, 2013, proposal for only 202 (166 at ACIT level and 36 at DCIT level) posts were finally sent for the Cabinet approval, reducing 398 posts and assigning no virtual reason for the change. Thus the Cadre-restructuring in the Income Tax Department notified on 31-05-2013 created an anomalous situation in the Department which resulted in an adverse impact on the expected revenue collection of the country and the all-too-important Tax-payers Service to be provided to our Country-men.

## **6. STAGNATION AT THE LEVEL OF INCOME TAX OFFICER ( FEEDER CADRE FOR PROMOTION TO THE CADRE OF ACIT)**

The Cadre-restructuring, 2013 paid no attention to the cadre of Income Tax Officers (Gr.B cadre), the only feeder cadre in Income Tax Department for promotion to the Gr. A organised service. As per the IRS Recruitment Rules, Income Tax Officers (ITO) are eligible for promotion to the grade of ACIT (entry level of IRS cadre) after 3 years of regular service in the grade of ITO. But in reality, Officer in the cadre of ITO takes 14-15 years to be promoted as ACIT and so, the very basic premise of creating a motivated workforce in the cadre of ITO has been defeated. An ITO or ACIT or DCIT actually bears

the same responsibility and discharges the same quasi-judicial functions, as empowered by the Income Tax Act. So, waiting for a promotion for 14-15 long years in ITO grade has a demoralizing effect on the efficiency of officers in this cadre. It's more so, as there are many other Departments, where Group B officers directly enter in Organized Group A Service at STS Level and not at JTS level. The latter arrangement justifies that a promote officer doesn't require the 2 years probation and next 2 years on-job training, for his long stay in the Department before promotion, as it is mandatory in case of a direct recruit officer in his 4 years tenure in JTS and also compensates very long stay at Group B level due to severe stagnation (stay for 14-15 years or more at Gr. B level are common across the Departments) to some extent.

**7. DEFICIENCIES IN CRC 2013:**

The new model of staff deployment emphasizes new areas of work and enhanced scrutiny workload. In the last cadre restructuring of the Department in the year 2001, the requirement was worked out mainly on the basis of scrutiny workload. Also the structure of various wings of the Department was worked out on the basis of parameter finalised in Cadre restructuring, 2001. While working out the total requirement of officers and employees in the cadre restructuring of the Department in the year 2013, much emphasis was not given on other parameters resulting in less number of posts created in the cadre of ACIT/DCIT, the entry cadre of Group-A services. Even the Department has undergone massive changes since the restructuring of the Department in the 2013. Presently the scrutiny is being selected on the basis of information available with the Department. The volume of such information (both PAN and non-PAN information) runs into several crores. As only less than 2% of the cases are being selected for scrutiny, majority of this information either remain unattended to or not utilized properly for lack of appropriate number of officers in the cadre of ACIT/DCIT. Moreover the requirement of posts in the cadre of ACIT/DCIT worked out in the initial proposal was also reduced in the later stage without assigning any logical conclusion. As a result of this reduction at the time of implementation, the Department has to abolish post of ACIT/DCIT in the various wings of the Department. These reduction has resulted less monitoring in the field level and also ultimately the proposed increase of collection i.e. Rs.25,000 crores could not be achieved. The tax collected by the Department can be augmented by utilizing the information available with the Department through proper monitoring. But for this, the primary requirement will be sufficient / appropriate manpower in the cadre of ACIT/DCIT, the cutting edge level officer of the Department, e.g. in the Cadre-restructuring, 2001 of the Department, all the posts in the cadre of ACIT were filled up by promotion as a one-time measure which resulted massive increase of revenue collection till 2008-09. After that the desired momentum was lost mainly due to lesser than required number of officers available in the cadre of ACIT/DCIT.

**8. FUNCTIONAL REQUIREMENT:**

To comply with the observation of the 7<sup>th</sup> CPC and also for the functional requirement of the Income Tax Department, the 398 posts at ACIT/DCIT cadre, which were reduced during the approval of Cadre-restructuring, 2013, are to be revived and added back to the sanctioned strength of ACIT/DCIT cadre immediately. It is understood that the Department agreed to reduce the posts in ACIT/DCIT cadre to ensure smooth and timely promotion of entry level Gr.A officers to the next higher cadre, but the functional requirement for augmentation of revenue collection was not kept in mind. Also, a

smooth and timely promotion for the officers in Gr.B cadre (ITO) was not at all considered. We feel that the ideal Structural Pyramid shall always be maintained. In Income Tax Department, HAG onwards constitutes 10.37% of total Senior Duty Posts against the desired 3%. So more and more posts shall be created in cutting edge JTS & STS Level and in first the supervisory levels (JAG & NFSG) compared to HAG onwards posts.

Also, as the posts in the cadre of ACIT are being filled up by 50% from Direct Recruitment and 50% from Promotion and the UPSC exercises a limit to provide the number of Direct Recruits every year, available vacancies in the cadre of ACIT can never be entirely filled up. The ideal recruitment in the grade of ACIT should be planned and formulated in the manner capable of not only taking care of career prospects of direct recruit and promotee ACsIT but also taking care of stagnation at the level of ITOs. The minimum quota of 50% DR officers, required for a service to be recognised as the Organised Gr.A Service, may be relaxed by the DoPT for the entry level cadre of ACIT in Income Tax Department and the quota for DR and PR officers at entry level may be made 1/3<sup>rd</sup> and 2/3<sup>rd</sup> in favour of the PR officers.

To set right the short comings of the Cadre structure of the Income Tax Department, it is necessary to increase the posts of ACIT/DCIT taking into consideration of the following criteria.

- **Scrutiny workload on the basis of existing assesses vis-à-vis requirement of ACIT.**
- **Verification of volume of information available with the Department so that target of increasing the assessee 1(one) crore per year can be achieved.**
- **Creation of more posts in the cadre of ACIT/DCIT for better functioning and also revival of the posts 398 proposed in the cadre restructuring 2013.**
- **More post of ACIT to be created in the Corporate/Non Corporate Ranges to take care the increase in number of scrutiny cases.**
- **The promotional quota in the entry level of ACIT to be increased to 2/3<sup>rd</sup> of the vacant posts available.**
- **The posts in the cadre of ACIT to be filled up through promotion as a one-time measure. This will not only increase the manpower in the cutting edge level up to the desired level but also help to reduce the existing stagnation that exist in the cadre of Income Tax Officer, the feeder cadre of ACIT. At present the cadre strength of ITO is 5945 against which the nos. of officers available in the promotion quota of ACIT is only 450. The said ratio is far from the ideal ratio recommended by the DoPT i.e. 1:3 to 5.**
- **The increase of posts in the cadre of ACIT/DCIT will not only help to reduce the stagnation in the cadre of ITO but also help to increase the morale of the workforce which will ultimately result into better tax collection**

To sum up, it is reiterated that in Income Tax Department (the biggest contributor to the Government coffer), all the works relating to Tax Collection, Assessments, Enforcements and Tax Payers Services are directly undertaken by the officers at the level of DCIT(STS), ACIT (JTS) and ITO (Gr. B). The officers from the level JAG onwards only discharge supervisory functions. As explained above, actually the Middle Management Group (as per Cadre Monograph), consisting of ITO, ACIT, DCIT and JCIT & Addl. CIT (JAG and NFSG; first level of supervisory officers), is the backbone of Income Tax Department. As in this all important Middle Management Group the Promotee Officers

are holding a considerable share, so, it can easily be ascertained how far such demoralization & demotivation among Promotee Officers would affect the Department's performance.

As there is no uniformity among Group B services regarding entry into Group A services across the Central Government Departments and also there is no existence of Organized Group B Service, this committee may also examine the Cadre Structures of Group B Services across the Departments.

I would like to mention that we will be obliged to submit more comprehensive narrative of the above-stated facts, with the requisite documents/evidences, to the Committee as and when asked for. Also, to make it more interactive and need based, a kind audience is solicited.

Soliciting your kind intervention in the matter.

Thanking you once again.

Yours sincerely,



**(Bhaskar Bhattacharya)**  
**Secretary General**