



Central Board of Direct  
Taxes (Income Tax)



# Grievance Analysis & Systemic Reforms Recommendation

# GRIEVANCE DATA ANALYSIS PROJECT

(Objective & Outcome)

## Context

Department of Administrative Reforms & Public Grievances (DAR&PG) administers a public grievance portal - Central Public Grievance Redress and Monitoring System (CPGRAMS). This is a portal where the citizen can register his/her grievances pertaining to any of the 94 Central Government Departments/Ministries.

This portal receives ~3,00,000 complaints annually across the 94 Departments/Ministries and the number of grievances registered has gone up from 1,32,751 between May 2014 to September 2014, to 4,66,406 in the same period, i.e., from May 2015 to September 2015, due the Prime Minister's personal interest.

The grievances received on the portal are rich data points, especially in terms of the type of reforms (administrative and policy) that would create maximum positive impact on the citizens.

## Objective

The objective of the diagnostic study undertaken by the Quality Council of India, as per the mandate given by DAR&PG, was two fold:

1. **Grievance Data Analysis** (in bold): Analysis of the grievances being received by the respective Departments/Ministries on CGPRAMS and identification of key issues
2. **Systemic Reforms Recommendation**: Identifying key systemic reforms that can be implemented to resolve these issues to prevent recurrence of these issues

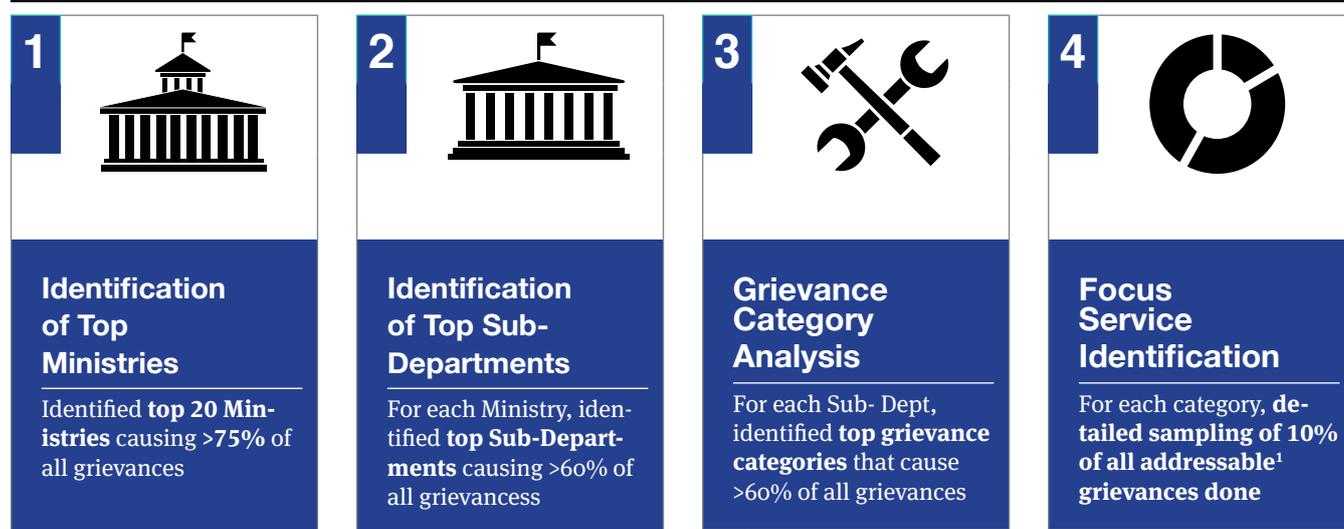
## Approach

To ensure that the above objectives are achieved, a 3 point approach has been used, which has been detailed below:

1. Data analysis of the grievances across top 20 (based on number of grievances received) prioritized Ministries with a structured approach which has been detailed in the diagram below.

### Data Analysis Process for all Ministries

Focus on identifying services that cause maximum number of grievances



2. Root cause analysis of the above grievances in conjunction with the respective Departments/Ministries, explained in detail on page 7.
3. Systemic and structural changes reform recommendations after discussions with the Department/Ministry based on learnings from global and domestic best practices

## Identification of the top 20 Department/Ministries for initial focus of efforts

The first step of the effort, as per the approach mentioned earlier, is the identification of the top 20 Ministries, which has been done based on the number of grievances being received by the particular Department from 01.01.2012 to 19.08.2015. The findings have been summarized in the table below and for the scope of this particular report we will be focussing on the Central Board Of Direct Taxes (Income Tax).

### List of top Ministries/Departments based on combination of quality parameters

Overall Rank	Ministry	Rank	No. of Grievances recieved		No. of Grievances pending (> 12M)		No. of Grievances pending (6M - 12M)	
			Rank	No. of Grievances	Rank	No. of Grievances	Rank	No. of Grievances
1	Department of Telecommunications	1	161,014	13	11	11	126	
2	Ministry of Railways (Railway Board)	2	76,776	3	878	2	1,750	
3	Department of Financial Services (Banking Division)	3	65,095	16	-	13	43	
4	Ministry of Home Affairs	4	41,443	11	47	12	73	
5	Central Board Of Direct Taxes (Income Tax)	5	38,825	5	381	9	200	
6	Department of Higher Education	6	34,594	2	1422	1	2,143	
7	Ministry of External Affairs	7	30,780	16	-	17	-	
8	Department of Posts	8	27,552	14	9	15	17	
9	Department of Health & Family Welfare	9	27,552	10	52	10	160	
10	Ministry of Petroleum and Natural Gas	10	26,836	7	83	8	447	
11	Ministry of Labour and Employment	11	25,835	16	-	17	-	
12	Department Of Defence	12	25,423	1	1877	6	744	
13	Department of School Education and Literacy	13	23,862	8	68	3	1,114	
14	Department of Personnel and Training	14	21,681	12	12	16	14	
15	Ministry of Road Transport and Highways	15	20,660	6	198	4	984	
16	Ministry of Urban Development	16	15,187	4	400	7	459	
17	Department of Justice	17	13,879	16	-	17	-	
18	Central Board Of Excise and Customs	18	12,698	15	3	14	27	
19	Department of Revenue	19	12,616	9	64	5	954	
20	Department of Ex Servicemen Welfare	20	12,062	16	-	17	-	

SOURCE: DARPG Data (01-01-2012 to 19-08-2015)

Focusing on these 20 ministries/departments will target ~73% of the overall grievances in Central Govt.

# DEEP DIVE ANALYSIS

## Introduction

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The Revenue Ministry is responsible for levying and collection of both direct and indirect taxes. The two departments under the Department, namely, Central Board of Direct Taxes and Central Board of Excise and Customs, which came into existence in 1964. The Central board of Direct Taxes (CBDT), as the name suggests, is primarily responsible for collection of direct taxes to ensure the same.

CBDT comprises of members whose jurisdiction encompasses functions across, Income Tax, Legislation & Computerization, Personnel & Vigilance, Investigation, Revenue, and Audit & Judicial. Each of these Members are also responsible for certain jurisdictional zones in this country, for ensuring implementation of these rules across the country. The major

tasks of this department is to lay out the various policies and tax structures for collection of income tax from the country.

Direct tax is one of the largest sources of revenue for the country, and also has a large amount of grievances, considering the amount of money involved of every individual in the process. Hence, the number of grievances received by the department is extremely high, and of utmost importance that the grievances be resolved at a fast pace. Even more important is to ensure that systems in place are extremely smooth for the citizen to ensure that these grievances do not arise.

## Identification of top Sub-Departments

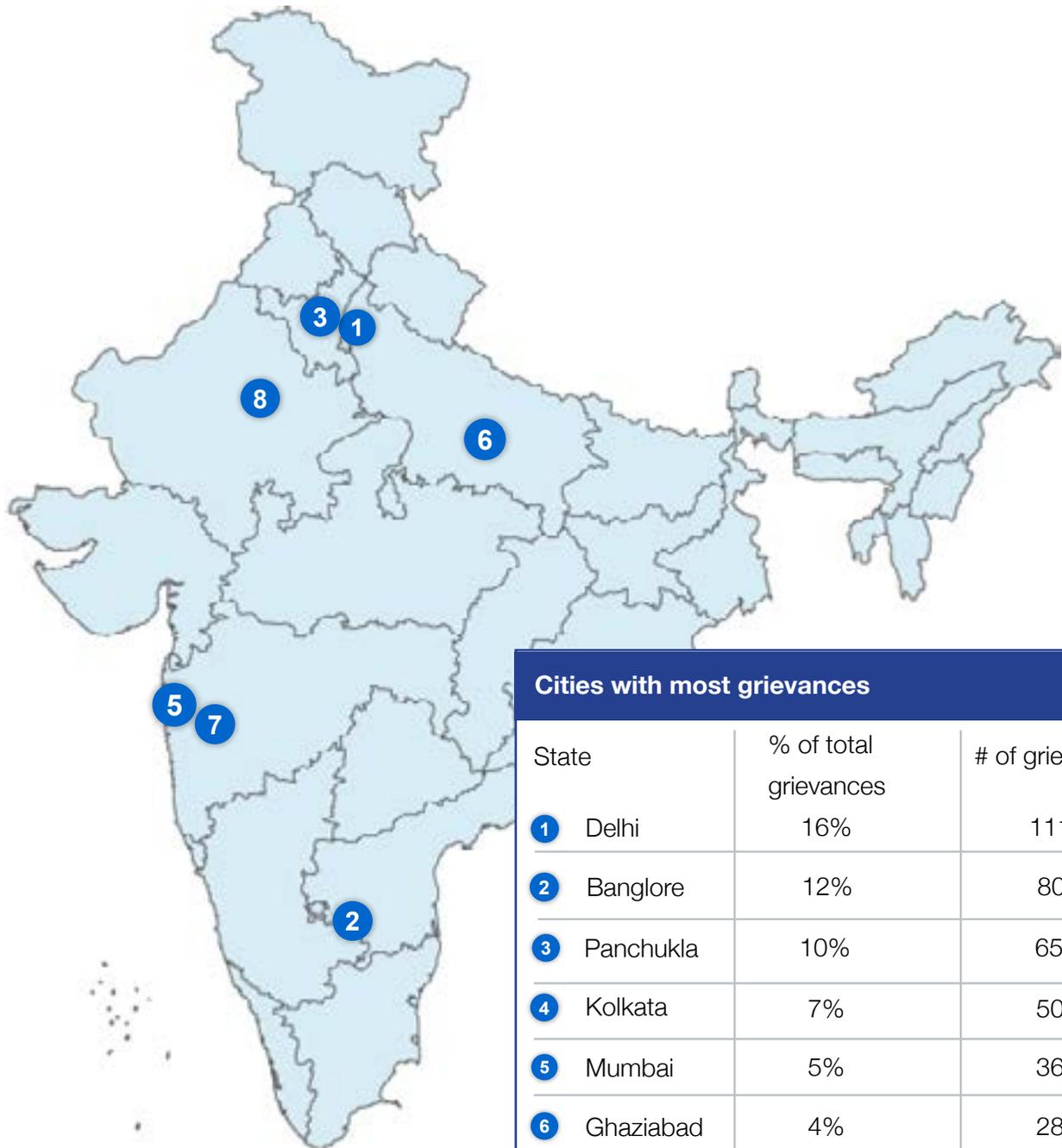
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As per the methodology mentioned above, the first step was to break the grievances down in terms of the sub-departments it was being forwarded to. However, in case of CBDT, the classification of the sub-departments to which the grievances are forwarded to are not very distinctly classified, and regional departments of the Central Board of Direct Taxes, which are equivalent of having zonal CBDT's with similar sub-departments.

Hence, the study evaluated the cities/regions which have received maximum of complaints, and as per our analysis the Delhi region accounted for 16% of the grievances, followed by the Bangalore region

which accounted for 12% of all grievances and the third highest was the Panchkula region which accounted for nearly 10% of all grievances.

## Top 8 cities account for ~60% of all received grievances



### Cities with most grievances

State	% of total grievances	# of grievances
1 Delhi	16%	1117
2 Bangalore	12%	806
3 Panchukla	10%	656
4 Kolkata	7%	507
5 Mumbai	5%	363
6 Ghaziabad	4%	282
7 Pune	3%	220
8 Jaipur	2%	158
<b>Top 8 Cities</b>	<b>60%</b>	

SOURCE: DARPG Data (01-01-2014 to 01-09-2015)

## Identification of Focus Service

The next step as defined in the process earlier, is to grievance-by-grievance analysis for a sample of the grievances received by these regions, and the top recurring addressable issues across the regions have been summarized below in the table.

The top most issue for the Ministry is the inefficiency in the refunds process which accounts for ~70% of all addressable grievances, followed by the Issues with IT return/PAN

Card Issuance which accounts for 19%. The specific details of these two type of grievance issues and the other grievances issues have been detailed out in the table below

## Top 2 services identified to focus on for root cause analysis

Top Grievance Causing Services (QCI defined)	Impact % <sup>1</sup>	Details <sup>2</sup>
1 Inefficiency in refunds process	70%	<ul style="list-style-type: none"> <li>• Long delays in refunds payment (ranging from several months to years)</li> <li>• Faulty rejection of refund claims</li> </ul>
2 Issues with IT Return/PAN Issuance Process	19%	<ul style="list-style-type: none"> <li>• Calculation mistake in TDS, refunds, adjustments, etc</li> <li>• Delays and mistake in PAN card issuance</li> </ul>
3 Technical Issues with Website & Helpline	5%	<ul style="list-style-type: none"> <li>• IT Return website not functioning properly (Server down; error in registration and file uploading)</li> <li>• No acknowledgment email received post filling a return</li> <li>• CPC helpline responses not up to date or incorrect</li> </ul>
4 IT Officers inefficient/inaccessible	4%	<ul style="list-style-type: none"> <li>• IT officers are inaccessible to general public for voicing grievances.</li> <li>• Inaction by IT officers</li> </ul>

1 Impact is defined as a fraction of all addressable grievances - those that can be solved through administrative reforms

2. Addressable grievances constitute 95% of the Sample Total Grievances

## Conclusions

For the focus services identified, the ones that are addressable and with maximum impact have been selected for further analysis. For the given department, the top 2 grievance causing services are chosen for further deep-dive and root cause analysis.

The two issues chosen, namely, (1) Inefficiency in refunds process, and, (2) Issues with Income Tax return/PAN Issuance process account for ~90% of all grievances, and are further analyzed for systemic reforms

The following section details the process flow for the root cause analysis, and the procedure followed for coming up with systemic reforms for each one of the service issues

# STRUCTURAL REFORMS DESIGN

(Initial thoughts & next steps)

The focus services identified for further analysis are studied in detail. The processes for the delivery of the service, the monitoring mechanism, and other aspects of service delivery have been studied as a part of the project.

For each one of the issues, the key root cause for the improper delivery of service is identified and studied, and a corresponding solution or recommendation is designed. These recommendations are arrived at in conjunction with the ministry representative, and are based on global best practices. These solutions have been finalized post interactions with experts from that particular field or experts who have implemented similar solutions.

The utility of these systemic recommendations is to serve as starting points for improving the quality of services, and the final solution would take shape after further discussions. The following table summarizes the reform recommendations across all sub-departments and issues, and tries to capture the ease of implementation of these recommendations. The detailed root cause analysis for each of the issues follows thereafter, giving an understanding of the procedure used to arrive at these recommendations.

## Summary: CBDT Top Process Reforms

	Process Reform	Description	Proposed Owner	Ease of implementation
1a	One-Time Prioritized Clearing of Legacy Issues	Creating Cross Functional Team (CFT) to clear legacy issues on priority basis	Tax Payers Service Vertical	●
1b	Training support staff of AOs	Training AO's support staff to improve efficiency	Tax Payers Service Vertical	●
2	Income Tax Business Application (ITBA) – Unified Portal	New grievance system will consolidate all portals	DG, CGHS Systems Team, Tax Payers Service Vertical	●
3	Complete conversion of manual to e-filing	Part of ITBA initiative to convert offline grievances to online	Systems Team	●

Ease of implementation ● Medium ● High ● Low

For each one of the reforms summarized in the above table, a detailed description of the root cause for the below par service quality, a proposed solution based on global and local best practices, and the current status of such an initiative being undertaken by the government has been mentioned in the following part of the report.

For each one of the issues, the problem has been broken into multiple parts in order to ensure that each aspect of the problem is addressed independently, while ensuring maximum impact.

## Inefficiency in refund process

### Issue analysis and proposed solution

Focus issue	Root Cause	Proposed solution	Current status
<p><b>Long delays in refund payment</b></p>	<p>Legacy issues: Majority of grievances are from 2009-12 during transition from manual processes to e-filing system</p> <p>Inefficiency/lack of understanding at the Senior Tax Assistant level.</p> <p>Return unclaimed due to issue such as change in address</p>	<p>A) One-Time Legacy Action Team (LAT) to clear all legacy cases on priority</p> <p>Cross-Functional LAT to be set up within Tax Payers Service vertical mandated by the Board to clear all legacy issues within 9-12 months</p> <p>Sub-Teams to be present at all 18 Principal Chief Commissioner's offices</p> <p>LAT to be given concurrent jurisdiction for all cases within the geography</p> <p>B) Training for AOs &amp; Sr. TAs</p> <p>Define new, easy-to-use training programs for AOs &amp; Sr. TAs on how to use new portals</p> <p>New, special SOPs to be defined for AOs for top recurring issues</p>	<p>No plan as of now.</p>
<p><b>Faulty Rejection of Refund Claims</b></p>	<p>Mismatch in TDS filed by the employer</p>	<p>Quarterly TDS check with employer instead of annual checks</p>	<p>Incentive citizens to keep a check on their employer's filings</p>

## Reforms to improve the Grievance System

Focus issue	Root Cause	Proposed solution	Current status
<b>Multiples platforms for citizens to file grievances</b>	<p>Legacy issues: Majority of grievances are from 2009-12 during transition from manual processes to e-filing system</p> <p>Inefficiency/lack of understanding at the Senior Tax Assistant level.</p> <p>Return unclaimed due to issue such as change in address</p>	<p>A) One-Time Legacy Action Team (LAT) to clear all legacy cases on priority</p> <p>Cross-Functional LAT to be set up within Tax Payers Service vertical mandated by the Board to clear all legacy issues within 9-12 months</p> <p>Sub-Teams to be present at all 18 Principal Chief Commissioner's offices</p> <p>LAT to be given concurrent jurisdiction for all cases within the geography</p> <p>B) Training for AOs &amp; Sr. TAs</p> <p>Define new, easy-to-use training programs for AOs &amp; Sr. TAs on how to use new portals</p> <p>New, special SOPs to be defined for AOs for top recurring issues</p>	No plan as of now.
<b>Offline and Online grievance system</b>	No method to combine online and offline grievances.	Part of ITBA system. Citizens can file a complaint anywhere and track anywhere	CBDT is working on paper truncation process

For each one of the suggestions/recommendations given above we would plan to sit with the Ministries and chalk the way forward, with ownership of these reforms lying with the respective owners of these projects. The above recommendations will serve as starting point for further discussions within the Departments to ensure quality delivery of services to the citizen.

Each Ministry will have their own final definitions of these reforms which will be developed into finalized action points based on further discussions and deliberations.