Computerisation –
Where there is no will, there will be no way

by

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'Ring-a-ring-a roses, pocket full of poses, hush-a, push-a, and we all fall down.'
 It took me years to completely understand this small nursery rhyme.

        Albeit a slow starter, there ought to be no doubt that India has 'moved and shaken' the world in the field of software development. Bereft of statistics, one can still proudly guesstimate that India has been the breeding ground for the most talented and successful software engineers in the last decade than any other country. India has exported software worth millions of dollars last year. Narayana Murthy, Azim Premji and S Ramadorai are the names we know courtesy the Software arena. The Indian Railways, the Stock Exchange and the ICICI Bank has shown the world how the common man of this country can be benefited from the most hyped and definitely enduring technology.

        Interestingly, all exports of software; substantive imports of hardware, manufacture of computer hardware, assembly of computer systems et al - everything takes place under the proverbial "nose" of the revenue departments. But these very same Departments have yet to come in terms with the abject failure of computerisation within its premise. A love affair which started more than two decades ago has since hit rock bottom.

        Like it or not, for most within the Revenue Department, computerization is all about having a computer in the Range / Division / Head Quarters / Board and shooting off 'typed' letters to assessee's and a host of monthly / quarterly reports to the higher formations. The Word files are their favourite and those who are at ease with Excel are looked upon as Messiahs. The Internet is becoming a useful media at the Divisions/ Head Quarters and above level mainly because reports are nowadays frequently transmitted via the mail borne more out of the frustrations of failed "floppies" rather than a genuine love for technology and the use of it. And probably there ends the story for most officers within the Department.

Digest it or not !!! It is a shameful situation that the revenue boards of a country boasting of having produced some of the world's best software professionals, have landed no where even after 20 years of their most promising and most ambitious computerization programme. So, where lies the mischief – or what is the problem ?

Much has already been said about how the Appraisers and Superintendents in Customs handle their computers , the passwords and the mega bucks that flow by "outsourcing" these passwords. The EDI in customs houses work as per the whims and fancies of the local daily wagers, or a system manager who has no time for the EDI system. The abysmal computer literacy in Central Excise and Customs formations continue to be part of the folklore and shamelessly nothing it done to improve it. The cost to the exchequer in the name of computerisation is one big 'scam' in itself and the need for accountability in the Department is best epitomized by the lack of results vis a vis the chunk of taxpayers money drained in the name of training and computerization. Will someone stand up and answer what has been the achievements of the Directorate of Systems but for the favoritism to certain select players while granting mega tenders?

First and foremost, if we can see for ourselves what Infosys has become in last twenty years, and what our most powerful revenue boards have done to the computerization programme during the same period. The information called for is being compiled manually for perfection using MS Word or Excel. No one from top to bottom seem to be interested in the computerization work, because it will reduce the importance of being a "responsible babu". One can visit any of the computer centres installed for the purpose some fourteen to fifteen years back and will find for himself what went wrong.

Frequent changing of the formats of the basic documents like RT-12, now ER-1, in the mid-financial year is another charm the CBEC is comfortable and just to ensure how things should not work. Because you cannot expect a computer to generate a report without feeding uniform data over a regular period of time.

Most of the Central Excise Ranges down the hierarchy in far flung areas do not have computers. If some are lucky to have been allotted one, they are not in working condition, who is maintaining them. Today for connecting each and every Central Excise Ranges, Service Tax Ranges and the Customs Houses, respective Divisional Heads, Jurisdictional Headquarters, only what one will need is
   1.   a computer   - Rs. 20000,
   2.   a broad band connection (Rs. 1200 plus Rs. 250 p.m)
   3.   a centralized web portal to submit and save data (Rs. 3000 p.a.)
   4.   the zeal to do the work. (for which staff is recruited for lifetime)

But, unfortunately, Crores of rupees are being spent on '*bhagwan jaane whaat*'. Is the accountant general listening !!

It is not that CBEC has not made any serious efforts to do the computerization of the Customs & Central Excise Departments. But the question is whether it is done completely. It has issued various circulars. I would however like to shift focus to one of the most visible efforts made by CBEC to pep up Computerisation. The letters / guidelines / circulars – name it as you like – issued by CBEC expounding their concern for computerisation (or the lack of it). Small tit bits on computerisation. Let us have a look at some of these rare gems and the futility of the entire exercise.

The Ministry of Finance, Department of Revenue issued a letter from F. No. B. 22/67/86-TRU, dated 13-4-1987 regarding Modvat credit in respect of C.V. duty paid on imported goods. The letter which is interesting to read says

"… Keeping in view the progress of computerisation, it has been decided that the following revised procedure maybe followed only in respect of imports through Bombay Customs House. At the time of import, the importer of the goods need not make any declaration on the Bill of Entry. However, when the goods are taken into use in the factory, the importer shall subscribe to a declaration to the jurisdictional Central Excise officer stating that no refund of the countervailing duty paid on the goods covered by the relevant Bill of Entry has been claimed or obtained. On the basis of such declaration, Modvat credit of the C.V. duty may be allowed and the Central Excise Officer incharge would refer the matter to Bombay Customs House to get it verified that no refund of the C.V. duty has in fact been granted. On receipt of such intimation, the Customs House will keep a suitable note on its copy of the Bill of Entry and will not sanction any refund of the C.V. duty unless the importer produces a confirmation from the jurisdictional Superintendent of Central Excise that credit account of the manufacturer has been debited to the extent of refundable amount. If a refund has already been sanctioned by the Customs House the receipt of the information from the Central Excise Officer, the Customs House will send a letter stating the particulars of the net amount after taking into account the amount refunded. The importer also as soon as possible furnish to the Bombay Customs House the details of the user to whom the imported goods have been sent in order to facilitate co-relation between the Bill of Entry and the factory where Modvat credit has been availed of."

In this letter, the instructions were for Bombay Custom House only, what about the other customs houses.? It clearly appears from the wording of the letter that the 'progress of computerization' mentioned in the first line was an excuse to delay the process of refund. What was the practice followed before issue of this letter? It was manual, obviously. Even today, after 19 years of issue of this letter, the verification of cenvatable documents is being done manually only (if at all it is done). Big corporates to petty traders all have got away with issuing multiple cenvat invoices thus eroding the efficacy of the cenvat scheme to a large extent with gross abuse of the same. The same continues till date – well, one is never pronounced a crook unless you are caught in the act. Computerisation has come a cropper in this field – one of the many such failures. A reflective statement of the state of computerisation in the Revenue set up.

Have a look at this one !!! How the entire vision of computerization of our beloved department is tossed in this letter. Just to prevent the ill effects of interpretation, CBEC had to issue a Circular No. 62/88-CX.6, dated 6-9-1988 [From F. No. 223/40/88-CX.6]. One Central Excise Collector in his communiqué no. C. No. IV(l6)209-Tech/87/ dated 18th Decmber, 1987 to the Secretary, CBEC that

"Rule 223A provides for conducts stock taking of a factory or warehouse at least once in every year. All assessees file periodical returns indicating the quantity of excisable goods manufactured, cleared and amount of Central Excise duty paid. These returns are occasionally checked with reference to stock available in assessee's factory. A number of officers are utilised in stock taking and considerable travelling expenses are incurred. It is also the experience of this Collectorate that the results achieved from such stocktaking do not justify the work and expenditure thereon as also at inconvenience to assessees. There is therefore a strong case for dispensing with routine stocktaking especially in the light of the ongoing computerisation and the intention to reduce to the minimum the contact between the staff and licencees."

CBEC had to intervene and issue a Circular No. 62/88-CX.6, dated 6-9-1988 [From F. No. 223/40/88-CX.6] which takes the following path

"Attention is invited to the Collector of Central Excise, Chandigarh's letter reference C. No. IV(16)209-Tech/87, dated 18-12-1987 copy appended below on the above subject. The suggestion indicated has not been found acceptable. However, in order to reduce the ill effects of contact with licencees, the Board has directed that such stock-taking should be done by a team of officers headed by an Assistant Collector for important factories."

One fails to comprehend how the vision of "computerization programme" could be related, ever so remotely, to the stock taking of a factory. It is not incorrect to quote that most of the clandestine removal cases had their genesis to the infamous stock taking exercise. But pray, could anyone explain as to how the contact of the staff and the licencee would have reduced if the team is headed by an Assistant Collector (now Assistant Commissioner). May be , this was the 'bhavishyawani' of the fate of computerisation in the Revenue setup !!!

The CBEC issued a Circular No. 507/3/2000-CX, dated 10-1-2000 [From F.No. 20/02/99-CX.6] regarding "Central Excise computerisation - Time schedule for discontinuing manual revenue reports", the text of which is reproduced below.

"I am directed to draw your attention to the Board's Circular No. 468/34/99-CX, dated 5th July, 1999 [See 1999 (111) E.L.T. T29] on the above subject and to say that the progress in Central Excise computerisation has been further reviewed by the Board. … Accordingly, the Board has decided to revise the target date of new reporting from January, 2000 to April, 2000. All the Central Excise Commissionerates are advised to take all the necessary steps needed for adhering to the revised time schedule by giving adequate priority in the matter of capturing RT-12 data of all assessees in the computer with the required degree of timeliness and completeness…"

After reading the motivating words of the CBEC's circular, it appeared that within six months from the date of issue of this circular, the manual revenue reports would be discontinued. For a lay man, going through these few words, there would be only "awe" for the Department. But we love manual reports, don't we? How can we leave them behind ? Even after six years of issue of this highly optimistic CBEC's circular, we are proudly continuing with manual reports with required degree of timeliness and completeness.

CBEC then came with another Circular No. 17/93-CX.6, dated 16-11-1993 issued from F. No. 224/28/93-CX.6 to encourage the assessee for computerization of accounts. It was well said. The Department was itself not ready in 1993 and even still today manual compilation work is going on in the Department, but since we do not practice what we preach – we do a good job in preaching and hence such recommendations to encourage the assessee. But who was going to encourage our own bandwagon, remained unanswered. And no one shot back saying "Set your house in order first".

Well, then came the good news vide CBEC's Circular No. 468/34/99-CX., dated 5-7-1999 issued from F.No. 220/02/99-CX.6 that computerization work was reviewed by the Board and data capturing started. That is, finally the whistle was blown after 13 years of spending the tax payers crores of rupees. The Circular also demand that by January 2000 manual reports be discontinued and electronic data will take over. The Circular reads as

"I am directed to say that the progress in Central Excise computerisation was reviewed by the Board in a meeting held on 22-6-1999. It was noted that 42 Commissionerates have started capturing assessee profile (ECC MAST) and the monthly returns (RT 12). More Commissionerates are expected to commence this job shortly. The quality of the data is still not satisfactory but it was felt that a period of six months will be adequate to improve quality to the desired level. Further, it was felt that the program will get further impetus and gain momentum only if a firm time frame is set for discontinuing the manual revenue reports like budget head-wise statement, Ex. 6 returns, revenue from top 20 assessees etc. and these returns are replaced with RT 12 data in electronic media. The Board has decided that such change over should take place from the month of January, 2000. All the Central Excise Commissionerates are advised to take note of this time frame and take all necessary steps to achieve this objective. As a preparatory step, by September, 1999, every Commissionerate should be generating their budget headwise statement using SERMON package from the basic date of RT 12. Any difficulties faced in this matter should be brought to the notice of the Board and the Directorate of Systems. The field formations may suitably be informed. Hindi version will follow."

But, Again in November 2001, CBEC issued another Circular No. 595/32/2001-CX, dated 5-11-2001 from F. No. 220/01/99-CX. 6 for Central Excise computerization and Instructions for discontinuing manual reports from January 2002. But when the manual reports were discontinued from January 2000, where is the question of again discontinuing the same again? But wait – Does the blame lie on the Hindi version which is yet to follow???

The fact goes without saying that no coordination was maintained, no review was made and no progress was monitored in the million dollar project of the Government of India. The manual reports still rule the roost in the Department even today and will continue to do so. Obviously the Government is concerned about the massive work staff that they are religiously paying for and how can they keep them jobless?

Then, after blowing the whistle, the wind started flowing in another direction. The question was 'what should be the key field and how should it be defined'. The key field is a unique identification for any database. The ECC number based on PAN allotted by the Income Tax Department.

The CBEC issued various Circulars in this direction, every time with a different direction and causing changes in the key field.

1. Circular No. 493/59/99-CX, dated 12-11-1999 issued from F.No. 212/14/99-CX.6.
2. Circular No. 499/65/99-CX, dated 10-12-1999 issued from F.No. 201/22/99-CX.6.
3. Circular No. 594/31/2001-CX, dated 19-10-2001 issued from F. No. 201/12/2001-CX. 6.
4. Circular No. 662/53/2002-CX, dated 17-9-2002 issued from F. No. 201/6/2001-CX. 6 (Pt.).

After that, there were scams and news every where about fraudulent & benami PAN Nos. and the Income Tax Department had also declared lakhs to PAN Nos. to be bogus and not valid. Have we taken cognizance of such PAN numbers and have we undertaken any exercise to check whether the Central Excise Registration number or the BIN No. issued by the Department is correct based on genuine PAN No. As far as I remember, the field formations may have never bothered about the same. Even, the Banks and Stock exchanges have cross checked each and every customer with their original PAN Nos. in person. The Telephone service providers are also on the same job. Who or what are we waiting for?

Can we imagine, a fraudulent PAN No. holder can be a fraudulent BIN No. holder and a fraudulent Central Excise or Service Tax registered person who can create havoc. Why can't we start probing into this direction. Because the Registration no. is our key field. Once we are not sure about the Key field all data stored on that basis falls flat and the entire purpose is defeated. Apropos the world scenario, where the country is heading towards the mission 2020, how can the world's largest economy of 2020, cope up with ambiguous and indistinct database ? Mr. FM – will another tenure of five years be enough to look into these issue ?

Keeping in mind the programmer's view to the entire episode of computerization of our beloved Department spanning over the long 22 years,

it is all hush-a bush-a, and we all fall down to square one. The Department is undoubtedly answerable to the Tax Payer!! Progress of Computerisation programme in revenue departments has been reduced to a column in the monthly or a quarterly report, and may be maximum heat is generated when a reply to the Parliament Question is to be forwarded on the subject matter once a while. But, are our beloved Mantri's bothered about this ? Obviously nobody is going to 'grease them' to ask this question.

Some of the distinct reasons for failure of the computerization programme could be summarized as :

1. The first computers purchased by the Department for computerization purpose should have been installed in the field formations 21 years back at the data source, and not in the Ministry/CBEC to please bosses for air-conditioners. Else, today we would have had at least 20 years of complete backup of data with us and that data could have created miracles in investigation and fraud detection.
2. Lack of sensitization, motivation and training to the staff.
3. Prevalent myth that computerisation postings are non-sensitive, non-productive as compared to other postings in every cadre down the hierarchy.
4. Lack of vision, direction, targets and time bound planning by the revenue boards.
5. No one down the line knows who's baby is this, NIC or the Departments.
6. The crucial data of the assesses, are taken care of by the people who do not belong to the department, viz. daily wagers, contractual data entry operators. A recent drawback scam at Delhi is one example.

We may be demanding people always bordering to mudslinging and foisting our failure on others. But is it out of place to hope that for a completely computerized and paperless Department of Customs, Excise & Service Tax (if ever it happens) providing for basic infrastructure to :

1. receive online applications for registration.
2. receive online payments for any fees, duty and any other charges.
3. receive online queries and reply immediately.
4. receive online periodical returns, statements.
5. process the data submitted by them to generate reports
6. share the same information with all the government departments so that similar information need not be submitted again and again.

Before parting

The hush-n-push and fall down attitude of the CBEC has ensured that the computerization of the Department of Revenue has been an abysmal failure. We are still stranded with tones of manual reports when the buzz word today

is 'online'. On a lighter note, can anyone tell me when will the Hindi version of all those CBEC circular's/ letters follow, and whom will they follow. Does it mean that you follow the English version of the circular and Hindi version of the same circular will follow you!! And play Ring-a-ring-a … Probably the only face facing excuse for the Department is to explain the mess they have made out of the computerisation agenda and the Rs.2000 odd crores and more blown away in the name of computerisation. A serious and meticulous probe is invited. But who cares … will you exercise your right to information?

(The author is a law graduate and is also working with a central government agency and the views expressed by him are personal)