

PREFACE

The National Institute of Public Finance and Policy is an autonomous, non-profit organisation whose major functions are to carry out research, undertake consultancy work and impart training in the area of public finance and policy.

The study of Information System and Evasion of Sales Tax in Tamil Nadu was entrusted to the Institute by the Secretary to the Government, Commercial Taxes and Religious Endowments, Government of Tamil Nadu in mid-1981. The work on the project was largely carried out by Dr. M.C. Purohit under the guidance and supervision of Dr. R.J. Chelliah. An Interim Report was submitted in February 1982. The Final Report, which was submitted in December, 1982, also incorporates the main recommendations contained in the earlier report. The two Reports have been jointly prepared by the two authors.

A study team conducted market surveys to estimate the evasion of sales tax with respect to two selected commodities. It is hoped that the findings of the study team would help the Department to have a better idea of the magnitude of sales tax evasion in the State. The comprehensive analysis presented in the study of the system of sales tax, the discussion of the means of rationalisation of the tax structure and the suggestions for improving the Information System, it is hoped, would be found useful by the Commercial Taxes Department.

The Governing Body of the Institute does not take responsibility for any of the views expressed in this Report. This responsibility belongs to the staff of the Institute, and more particularly to the authors of the Report.

New Delhi

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We wish to express our thanks to the officials of the Department of Commercial Taxes and Religious Endowment for the warm hospitality and courtesy extended to us during our stay in Tamil Nadu. We received excellent cooperation from all the officials concerned through all the phases of the study.

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Shri Krishnan, DCTO; and Shri Mancharan, ACTO. In addition, Shri Gyanaya, Assistant Commissioner (Checkposts) and the officers at the checkposts rendered valuable help by accompanying the Study Team in their visits to the different checkposts and explaining to its members their working, etc.

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