

4. BASIC FEATURES OF THE SALES TAX SYSTEM

1. Introduction

In this chapter we will describe the basic features of the sales tax system in Delhi to serve as backdrop to the discussion of the reforms to be suggested in the subsequent chapters. We will first outline the basic features of the existing system of sales tax including the distribution of dealers by turnover range and tax paid, the rate structure, tax treatment of inputs, concessions and exemptions, and the treatment accorded to government purchases under sales tax.

2. System of Sales Tax at Present

The sales tax on commodities, including motor spirit, in Delhi is governed by the Delhi Sales Tax Act, 1975 (DST). The sales tax on inter-State trade is governed, as in the States, by the Central Sales Tax Act, 1956 (CST). The Delhi Sales Tax provides for a single-point tax, falling on most commodities at the last stage, i.e., on the sale to an unregistered dealer or consumer. Only 20 commodities are subject to tax at the first stage of sale (first-point) in the chain of transactions (Table 4.1). The rest of the commodities are subject to tax either at the last stage of sale (last-point) in the chain of transactions or exempted from tax (Tables A. 4.1 and A. 4.2, respectively). There is no multi-point tax as found in the southern States nor double-point tax as found in Gujarat. By and large, the system of sales tax is similar to that in Punjab, Haryana and West Bengal.

3. Proportions of Revenue from the First-Point Levy and the Last-Point Levy

The proportion of revenue from the first-point goods is hardly 20 per cent of total sales tax revenue in Delhi. The revenue from all the 20 first-point goods came only to Rs 22 crore in 1978-79, the latest year for which the data are availa-

TABLE 4.1
List of First-Point Goods*

1. Bricks, fire bricks, brick-bats and brick ballast
2. Butter, cream, and khoya
3. Butter oil
4. Bicycles
5. Candles
6. Cement
7. Coal including coke in all its forms
8. Denatured spirit
9. Fireworks including coloured matches
10. Ice
11. Ice-cream of all kinds including ice candy
12. Liquefied petroleum gas
13. Matches
14. Medicines, drugs and pharmaceutical preparations
15. Refined coconut oil
16. Refined rapeseed oil
17. Silk fabrics
18. Tyres and tubes of all kinds
19. Vegetable ghee
20. Petroleum products

* As on 26.3.1983.

ble. (Table 4.2). It is interesting to know that the role of commodities subject to the first-point levy in Delhi is in clear contrast to the position obtaining in other States, particularly in Uttar Pradesh, Tamil Nadu, Karnataka and Gujarat (Table 4.3). The first-point levy accounted for 87.84 per cent (1979-80) in Tamil Nadu, 90.0 per cent (1980-81) in Karnataka and 75 per cent (1979-80) in Gujarat. Maharashtra has shifted all the commodities to the first-point levy disregarding the role of the last-point levy, multi-point levy and double-point levy. It seems that there is a clear trend in various States towards shifting the commodities to the first-point levy. Table 4.4 shows the pattern of points of levy prevailing in different States. As many as nine States out of 15 major States have switched over to the first-point levy. Even West Bengal which has been levying the last-point levy for the past several years has started levying the tax at the first-point on many commodities (84) which account for a sizeable amount of revenue.

TABLE 4.2
Commodity-wise Revenue from First-Point Goods and Selected Last-Point Goods

| Sl. No. | Name of the commodity | Revenue receipts | | | | | | |
|---------|---|------------------|----------------|--------------|--------------|----------------|--------------|--|
| | | 1977-78 | | | 1978-79 | | | |
| | | Local (2) | Central (3) | Total (4) | Local (5) | Central (6) | Total (7) | |
| | (1) | | | | | | | |
| 1. | Bicycles | 16.38 | 2.23 | 18.61 | 21.98 | 2.49 | 24.47 | |
| 2. | Bricks, fire bricks, brick-bats and brick-ballast | 17.36 | 0.41 | 17.77 | 19.57 | 0.40 | 19.97 | |
| 3. | Butter, cream and khoya | 5.58 | 0.06 | 5.64 | 8.02 | 5.99 | 14.01 | |
| 4. | Butter oil | 0.70 | — | 0.70 | 0.76 | 0.11 | 0.87 | |
| 5. | Cement | 116.00 | — | 116.00 | 200.00 | — | 200.00 | |
| 6. | Coal including coke in all its forms | — | — | — | 0.86 | — | 0.86 | |
| 7. | Denatured spirit | 1.66 | 0.01 | 1.67 | 4.74 | 0.01 | 4.75 | |
| 8. | Fireworks including coloured matches | 1.85 | 0.01 | 1.86 | 1.85 | 0.02 | 1.87 | |
| 9. | Ice | 4.30 | — | 4.30 | 7.02 | — | 7.02 | |
| 10. | Ice-cream of all kinds including ice candy | 11.38 | 0.24 | 11.62 | 16.13 | 16.32 | 16.45 | |
| 11. | Liquefied petroleum gas (Kitchen gas) | 6.40 | 0.67 | 7.07 | 7.98 | 0.76 | 8.74 | |
| 12. | Medicines, drugs and pharmaceutical preparation | 212.00 | 73.00 | 285.00 | 238.00 | 55.00 | 333.00 | |
| 13. | Matches | 12.66 | 0.14 | 12.80 | 10.98 | 0.14 | 11.12 | |

Contd.

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|---------|--------|---------|---------|--------|---------|
| 14. Petroleum product including motor spirit, aviation spirit, high speed diesel oil, furnace oil, mineral turpentine oil, solvent oil, kerosene and bitumen (asphalt), but excluding light diesel oil and lubricants | 820.00 | 115.00 | 935.00 | 906.00 | 121.00 | 1027.00 |
| 15. Refined rapeseed oil | 0.97 | 0.19 | 1.16 | 0.58 | 0.08 | 0.66 |
| 16. Tyres and tubes of all kinds including those of motor vehicles, motor cycles, motor scooters, motorettes, cycle and animal-driven vehicles and flaps for use within tyres | 107.25 | 57.72 | 164.97 | 121.87 | 68.79 | 190.66 |
| 17. Vegetable ghee (hydrogenated vegetable oil) | 208.00 | 44.00 | 252.00 | 240.00 | 33.00 | 273.00 |
| 18. Silk fabrics | 13.81 | 6.71 | 20.52 | 16.52 | 8.01 | 24.53 |
| 19. Watches (all clocks, time-pieces, watches and electrical time switches and mechanical timers) | 20.49 | 14.50 | 34.99 | 29.02 | 20.52 | 49.54 |
| 20. Candles | 0.86 | 1.09 | 1.95 | 1.39 | 1.04 | 2.43 |
| TOTAL (FP goods) | 1577.65 | 315.98 | 1893.63 | 1853.27 | 357.68 | 2210.95 |
| Revenue from first-point levies as per cent of total revenue | 26.87 | 8.61 | 19.85 | 29.56 | 8.17 | 20.77 |

Source: Office of the Commissioner of Sales Tax, Delhi.

TABLE 4.3
**Revenue Significance of First-Point Levy of Sales Tax in
 Different States**

(Per cent)

| State | Year | <i>Revenue from first-point levy as proportion of State's sales tax revenue</i> |
|-----------------|---------|---|
| Delhi | 1978-79 | 20.77 |
| Andhra Pradesh | 1976-77 | 77.42 |
| Assam | 1976-77 | 85.02 |
| Bihar | 1976-77 | 95.31 |
| Gujarat | 1978-79 | 75.00 |
| Haryana | 1976-77 | 52.07 |
| Jammu & Kashmir | 1976-77 | 90.00 |
| Karnataka | 1979-80 | 90.00 |
| Kerala | 1976-77 | 70.00 |
| Madhya Pradesh | 1976-77 | 79.95 |
| Maharashtra | 1976-77 | 70.90 |
| Punjab | 1976-77 | 33.60 |
| Rajasthan | 1976-77 | 90.06 |
| Tamil Nadu | 1979-80 | 87.84 |
| Uttar Pradesh | 1976-77 | 54.82 |
| West Bengal | 1976-77 | 47.44 |

- Sources:* 1. NIPFP (1981), *Sales Tax System in Bihar*, Somaiya Publications, Bombay.
2. Government of Gujarat (1980), *Report of the Gujarat Taxation Enquiry Commission*, Gandhinagar.
3. Government of Karnataka (1982), *Report on State Taxes, Karnataka Taxation Review Committee*, Bangalore.
4. NIPFP (1982), *Information System and Evasion of Sales Tax in Tamil Nadu*, Madras.
5. Purohit M.C. (1982), 'Structure of Sales Taxes in India', *Economic and Political Weekly*, August 21, pp. 1365-75.
6. Office of the Commissioner of Sales Tax, Delhi.

TABLE 4.4
Points and Stages of Levy in Different States

| <i>States</i> | <i>Point of levy</i> |
|---------------------|--|
| 1. Andhra Pradesh | General Rate: Multi-point Single—first-stage |
| 2. Gujarat | Single—first stage —last stage Double—point |
| 3. Haryana | Single—last stage |
| 4. Himachal Pradesh | Single—last stage |
| 5. Karnataka | General Rate: Multi-point Single—first-point |
| 6. Kerala | General Rate : Multi-point Single - first stage |
| 7. Madhya Pradesh | Single—first stage |
| 8. Maharashtra | Single—first stage |
| 9. Orissa | Single—last stage |
| 10. Punjab | Single—last stage |
| 11. Rajasthan | Single—first stage |
| 12. Tamil Nadu | General Rate : Multi-point Single—first stage |
| 13. Uttar Pradesh | Single—first stage |
| 14. West Bengal | Single—first stage Single—last stage |
| 15. Delhi | Single—last stage —first stage |

4. Commodity-wise Composition of Revenue

Data on the commodity composition of the yield of sales tax are not being collected now on a systematic basis. It is, therefore, not possible to identify commodities or groups of commodities which currently account for the major portion of revenue or to examine whether the amounts of revenue for particular commodities are in line with the relative importance of those commodities in the production and/or consumption pattern in Delhi.

Information on the commodity composition of revenue was being collected in the past, and collection figures broken down by 44 commodity groups are available for the period 1963-64 to 1975-76. The absolute amounts are given in Table 4.5 and their percentage contributions in Table 4.6. Of the 44 items/groups listed therein, 6 commodity groups, namely, automobiles and spare parts, machinery, electrical goods, diesel oil and

TABLE 4.5
Total Sales Tax Realised According to Trade in Delhi (1963-64 to 1975-76)

| Sl. Name of the trade | (Rs thousand) | | | | | | | | | | | | |
|-------------------------------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 1963-64 | 1964-65 | 1965-66 | 1966-67 | 1967-68 | 1968-69 | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1973-74 | 1974-75 | 1975-76 |
| 1. Automobiles and spare parts | 12026 | 15703 | 19791 | 21520 | 19375 | 22705 | 26249 | 28470 | 34076 | 39448 | 47051 | 56812 | 66147 |
| 2. Arms and ammunition | 163 | 187 | 238 | 290 | 354 | 395 | 442 | 670 | 686 | 795 | 1149 | 1309 | 1734 |
| 3. Brasswares and utensils | 443 | 529 | 675 | 1559 | 1405 | 1828 | 1128 | 1406 | 1984 | 2955 | 4153 | 5070 | 8252 |
| 4. Building materials | 2543 | 3313 | 4016 | 2303 | 4134 | 2923 | 4842 | 4906 | 5952 | 7436 | 9173 | 8386 | 10385 |
| 5. Bullion and species | 217 | 236 | 214 | 36 | 129 | 278 | 167 | 304 | 192 | 392 | 1480 | 1894 | 3307 |
| 6. Colour and dyes | 346 | 807 | 420 | 571 | 579 | 691 | 455 | 597 | 615 | 1215 | 1839 | 2470 | 3293 |
| 7. Coal | 203 | 123 | 338 | 532 | 342 | 438 | 393 | 445 | 567 | 1113 | 1581 | 1101 | 2204 |
| 8. Bicycle and bicycle parts | 1731 | 2083 | 2346 | 2659 | 5145 | 3867 | 3034 | 3558 | 3782 | 4533 | 5661 | 6760 | 8371 |
| 9. Chemicals | 2145 | 3223 | 3093 | 2742 | 3605 | 4593 | 4793 | 4824 | 4897 | 5601 | 7321 | 21668 | 23604 |
| 10. Clocks and watches | 561 | 696 | 725 | 713 | 1652 | 1434 | 1521 | 3494 | 3537 | 2914 | 3197 | 2830 | 4271 |
| 11. Diesel oil and petrol products | 4699 | 6113 | 3792 | 8620 | 12720 | 9839 | 9819 | 24065 | 31612 | 39634 | 49292 | 76585 | 96641 |
| 12. Electric goods | 5537 | 5046 | 5750 | 7964 | 8214 | 9309 | 11555 | 12579 | 22523 | 24607 | 20766 | 27751 | 36075 |
| 13. Furniture | 869 | 1220 | 1280 | 1049 | 2211 | 2221 | 1855 | 2638 | 3448 | 3403 | 4216 | 6045 | 8103 |
| 14. General merchandise | 5094 | 6133 | 7550 | 8310 | 8170 | 9739 | 6910 | 10362 | 11702 | 12335 | 19174 | 17166 | 22985 |
| 15. Glassware, crockery and cutlery | 1245 | 1626 | 1813 | 2613 | 2216 | 3832 | 3146 | 3449 | 3795 | 4491 | 5254 | 6311 | 7171 |
| 16. Gota and zari | 306 | 219 | 214 | 226 | 249 | 501 | 428 | 383 | 588 | 636 | 858 | 868 | 1143 |
| 17. Hotels and Restaurants | 1883 | 2377 | 3578 | 4502 | 6227 | 6307 | 5183 | 6562 | 7476 | 16530 | 7482 | 9586 | 14574 |
| 18. Hardwares | 2183 | 2558 | 3304 | 4486 | 5654 | 6706 | 6493 | 10309 | 7585 | 10255 | 13357 | 16934 | 28163 |
| 19. Hydrogenated vegetable oil | 1644 | 2676 | 2324 | 754 | 250 | 6481 | 1992 | 1189 | 1085 | 795 | 675 | 1984 | 5029 |

| | | | | | | | | | | | | | |
|---------------------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 20. Hosiery goods | 516 | 524 | 543 | 2089 | 2739 | 4560 | 3543 | 3533 | 2711 | 3489 | 5114 | 5443 | 6944 |
| 21. Iron and steel | 2947 | 4140 | 4493 | 4794 | 7840 | 6868 | 8969 | 10862 | 12850 | 13306 | 12461 | 15286 | 18789 |
| 22. Jewellery and ornaments | 409 | 365 | 426 | 727 | 1032 | 1615 | 1545 | 1868 | 2579 | 2844 | 2596 | 4691 | 6008 |
| 23. Jute and cotton | 483 | 520 | 146 | 691 | 1175 | 2034 | 2041 | 1742 | 2322 | 4204 | 4648 | 8734 | 10289 |
| 24. Kirana | 4158 | 4618 | 5152 | 7953 | 8663 | 8764 | 8718 | 9580 | 9654 | 12192 | 11965 | 15988 | 22916 |
| 25. Leather goods | 1226 | 1245 | 1598 | 1697 | 2977 | 3422 | 2799 | 3935 | 4392 | 5446 | 5476 | 8027 | 12823 |
| 26. Liquor | 1399 | 1023 | 1033 | 2107 | 703 | 1754 | 2660 | 2391 | 4207 | 6856 | 7186 | 11913 | 14435 |
| 27. Machinery | 6156 | 9439 | 9730 | 10520 | 10705 | 13767 | 12872 | 13918 | 16195 | 15304 | 18037 | 20424 | 27022 |
| 28. Medicines | 2633 | 3037 | 3147 | 2745 | 4106 | 4055 | 4239 | 5745 | 5900 | 6856 | 11654 | 8009 | 14454 |
| 29. Non-ferrous metal | 470 | 545 | 712 | 726 | 688 | 1276 | 1461 | 1582 | 2351 | 2453 | 4739 | 7211 | 8010 |
| 30. Oil and oil seeds | 718 | 709 | 793 | 1552 | 1414 | 3584 | 3029 | 1597 | 3443 | 2401 | 3968 | 5066 | 6529 |
| 31. Paints and varnishes | 874 | 1218 | 1497 | 1986 | 2518 | 2831 | 2644 | 3715 | 3814 | 4211 | 6184 | 7060 | 10369 |
| 32. Papers | 945 | 1400 | 1561 | 2465 | 2171 | 2946 | 3368 | 3602 | 3923 | 4318 | 5863 | 6967 | 8823 |
| 33. Photographic goods | 796 | 901 | 1211 | 1432 | 1721 | 1686 | 1764 | 2223 | 1980 | 2306 | 2404 | 4362 | 6004 |
| 34. Pickles and fruit product | 180 | 392 | 309 | 660 | 523 | 1218 | 1003 | 1260 | 692 | 765 | 1170 | 2194 | 2860 |
| 35. Radio and radio parts | 2095 | 2645 | 4065 | 7552 | 6811 | 5812 | 4931 | 6219 | 14727 | 7552 | 9880 | 12902 | 15747 |
| 36. Rubber goods | 1482 | 1534 | 1552 | 1527 | 5761 | 4524 | 7839 | 7450 | 7975 | 6169 | 7652 | 10283 | 10658 |
| 37. Readymade garments | 491 | 825 | 960 | 1174 | 1135 | 2753 | 6880 | 7279 | 11026 | 12563 | 14366 | 3758 | 6058 |
| 38. Sports goods | 271 | 378 | 304 | 713 | 480 | 530 | 481 | 543 | 887 | 986 | 859 | 1615 | 2361 |
| 39. Stationery | 1429 | 1586 | 1711 | 2129 | 3390 | 3200 | 4086 | 3155 | 3472 | 3520 | 3422 | 4289 | 5618 |
| 40. Scientific goods | 824 | 1217 | 1066 | 1195 | 1399 | 1742 | 1673 | 1851 | 2301 | 2630 | 4141 | 5583 | 8520 |
| 41. Timber | 1606 | 2156 | 2477 | 2587 | 3028 | 3234 | 2144 | 2758 | 2982 | 6695 | 5362 | 5951 | 7658 |
| 42. Typewriters and duplicators | 237 | 462 | 437 | 984 | 1921 | 1946 | 1812 | 2670 | 2199 | 1675 | 2161 | 2370 | 3203 |
| 43. Halwai (Sweets) | — | — | — | — | — | 310 | 525 | 1167 | 1158 | — | — | — | — |
| 44. Miscellaneous | 15816 | 16118 | 18392 | 23911 | 25883 | 44700 | 45067 | 31275 | 9287 | 34831 | 42778 | 74034 | 142413 |
| TOTAL | 89900 | 111400 | 124800 | 155900 | 180400 | 218800 | 226500 | 256500 | 288200 | 342700 | 397900 | 524600 | 730000 |

Source: Bureau of Economics and Statistics, Delhi Administration, *Delhi Quarterly Digest of Economics and Statistics*, (Various issues).

TABLE 4.6
Percentage Distribution of Total Sales Tax Realised According to Trade in Delhi (1963-64 to 1975-76)

| Sl. No. | Name of trade | (Per cent) | | | | | | | | | | | | | |
|---------|---------------------------------|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| | | 1963-64 | 1964-65 | 1965-66 | 1966-67 | 1967-68 | 1968-69 | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1973-74 | 1974-75 | 1975-76 | |
| 1. | Automobiles and spare parts | 13.38 | 14.10 | 15.86 | 13.80 | 10.74 | 10.38 | 11.59 | 11.10 | 11.82 | 11.51 | 11.82 | 10.83 | 9.06 | |
| 2. | Arms and ammunition | 0.18 | 0.17 | 0.19 | 0.19 | 0.20 | 0.18 | 0.20 | 0.26 | 0.24 | 0.23 | 0.29 | 0.25 | 0.24 | |
| 3. | Brasswares and utensils | 0.49 | 0.47 | 0.54 | 1.00 | 0.78 | 0.84 | 0.50 | 0.55 | 0.69 | 0.86 | 1.04 | 0.97 | 1.13 | |
| 4. | Building materials | 2.83 | 2.97 | 3.22 | 1.48 | 2.29 | 1.79 | 2.14 | 1.91 | 2.07 | 2.17 | 2.31 | 1.60 | 1.42 | |
| 5. | Bullion and species | 0.24 | 0.21 | 0.17 | 0.02 | 0.07 | 0.13 | 0.07 | 0.12 | 0.07 | 0.11 | 0.37 | 0.36 | 0.45 | |
| 6. | Colour and dyes | 0.38 | 0.71 | 0.34 | 0.37 | 0.32 | 0.32 | 0.20 | 0.23 | 0.21 | 0.35 | 0.46 | 0.47 | 0.45 | |
| 7. | Coal | 0.23 | 0.11 | 0.27 | 0.34 | 0.19 | 0.20 | 0.17 | 0.17 | 0.20 | 0.32 | 0.40 | 0.21 | 0.30 | |
| 8. | Bicycle and bicycle parts | 1.93 | 1.87 | 1.88 | 1.71 | 2.85 | 1.77 | 1.34 | 1.39 | 1.31 | 1.32 | 1.42 | 1.29 | 1.15 | |
| 9. | Chemicals | 2.39 | 2.89 | 2.48 | 1.76 | 2.00 | 2.10 | 2.12 | 1.88 | 1.70 | 1.63 | 1.84 | 4.13 | 3.23 | |
| 10. | Clocks and watches | 0.62 | 0.62 | 0.58 | 0.46 | 0.92 | 0.66 | 0.67 | 1.36 | 1.23 | 0.85 | 0.80 | 0.73 | 0.59 | |
| 11. | Diesel oil and petrol products | 4.23 | 5.49 | 3.04 | 5.53 | 7.05 | 4.50 | 4.34 | 9.38 | 10.97 | 11.57 | 12.39 | 14.60 | 13.24 | |
| 12. | Electric goods | 6.16 | 4.53 | 4.61 | 5.11 | 4.55 | 4.25 | 5.10 | 4.90 | 7.82 | 7.18 | 5.22 | 5.29 | 4.94 | |
| 13. | Furniture | 0.97 | 1.10 | 1.03 | 0.67 | 1.23 | 1.02 | 0.82 | 1.03 | 1.20 | 0.99 | 1.06 | 1.15 | 1.11 | |
| 14. | General mtr. handise | 5.67 | 5.51 | 6.05 | 5.33 | 4.53 | 4.45 | 3.05 | 4.04 | 4.06 | 3.60 | 4.92 | 3.27 | 3.15 | |
| 15. | Glassware, crockery and cutlery | 1.38 | 1.46 | 1.45 | 1.68 | 1.23 | 1.75 | 1.39 | 1.30 | 1.38 | 1.32 | 1.32 | 1.20 | 0.98 | |
| 16. | Gota and zari | 0.34 | 0.20 | 0.17 | 0.14 | 0.14 | 0.23 | 0.19 | 0.15 | 0.20 | 0.19 | 0.22 | 0.17 | 0.17 | |
| 17. | Hotels and restaurants | 2.09 | 2.13 | 2.87 | 2.89 | 3.45 | 2.88 | 2.29 | 2.56 | 2.59 | 4.82 | 1.88 | 1.81 | 2.00 | |
| 18. | Hardwares | 2.43 | 2.30 | 2.65 | 2.88 | 3.13 | 3.06 | 2.87 | 4.02 | 2.63 | 2.99 | 3.36 | 3.23 | 3.85 | |
| 19. | Hydrogenated vegetable oil | 1.83 | 2.40 | 1.86 | 0.48 | 0.14 | 2.96 | 0.88 | 0.46 | 0.38 | 0.23 | 0.17 | 0.38 | 0.69 | |
| 20. | Hosiery goods | 0.57 | 0.47 | 0.44 | 1.34 | 1.52 | 2.08 | 1.56 | 1.38 | 0.94 | 1.02 | 1.29 | 1.04 | 0.95 | |

| | | | | | | | | | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|
| 21. Iron and steel | 3.28 | 3.72 | 3.60 | 3.08 | 4.35 | 3.14 | 3.96 | 4.23 | 4.46 | 3.88 | 3.13 | 2.91 | 2.37 |
| 22. Jewellery and ornaments | 0.45 | 0.31 | 0.34 | 0.47 | 0.57 | 0.74 | 0.68 | 0.73 | 0.89 | 0.83 | 0.65 | 0.89 | 0.82 |
| 23. Jute and cotton | 0.54 | 0.47 | 0.12 | 0.44 | 0.65 | 0.93 | 0.90 | 0.68 | 0.81 | 1.23 | 1.17 | 1.66 | 1.41 |
| 24. Kirana | 4.63 | 4.15 | 4.13 | 5.10 | 4.80 | 4.01 | 3.85 | 3.73 | 5.35 | 3.56 | 3.01 | 3.05 | 3.14 |
| 25. Leather goods | 1.36 | 1.12 | 1.28 | 1.09 | 1.65 | 1.56 | 1.28 | 1.53 | 1.52 | 1.59 | 1.38 | 1.53 | 1.76 |
| 26. Liquor | 1.56 | 0.92 | 0.83 | 1.36 | 0.39 | 0.80 | 1.17 | 0.93 | 1.46 | 2.01 | 1.81 | 2.27 | 1.98 |
| 27. Machinery | 6.85 | 8.47 | 7.80 | 6.75 | 5.93 | 6.29 | 5.60 | 5.43 | 5.62 | 4.47 | 4.53 | 3.89 | 3.70 |
| 28. Medicines | 2.93 | 2.73 | 2.52 | 1.76 | 2.28 | 1.85 | 1.87 | 2.24 | 2.05 | 2.00 | 2.93 | 1.53 | 1.98 |
| 29. Non-ferrous metal | 0.52 | 0.49 | 0.57 | 0.47 | 0.38 | 0.58 | 0.65 | 0.62 | 0.82 | 0.72 | 1.19 | 1.37 | 1.10 |
| 30. Oil and oil seeds | 0.80 | 0.64 | 0.64 | 1.00 | 0.78 | 1.64 | 1.34 | 0.62 | 1.19 | 0.70 | 1.00 | 0.97 | 0.89 |
| 31. Paints and varnishes | 0.97 | 1.09 | 1.20 | 1.27 | 1.40 | 1.29 | 1.17 | 1.45 | 1.32 | 1.23 | 1.53 | 1.35 | 1.42 |
| 32. Papers | 1.05 | 1.26 | 1.25 | 1.58 | 1.20 | 1.35 | 1.49 | 1.40 | 1.36 | 1.26 | 1.47 | 1.33 | 1.21 |
| 33. Photographic goods | 0.89 | 0.81 | 0.97 | 0.92 | 0.95 | 0.77 | 0.78 | 0.87 | 0.69 | 0.67 | 0.60 | 0.83 | 0.82 |
| 34. Pickles and fruit product | 0.20 | 0.35 | 0.25 | 0.42 | 0.29 | 0.56 | 0.44 | 0.49 | 0.24 | 0.22 | 0.29 | 0.42 | 0.39 |
| 35. Radio and radio parts | 2.33 | 2.37 | 3.26 | 4.84 | 3.78 | 2.66 | 2.18 | 2.42 | 5.11 | 2.20 | 2.48 | 2.46 | 2.16 |
| 36. Rubber goods | 1.65 | 1.38 | 1.24 | 0.98 | 3.19 | 2.07 | 3.46 | 2.90 | 2.77 | 1.80 | 1.92 | 1.96 | 1.40 |
| 37. Readymade garments | 0.55 | 0.74 | 0.77 | 0.75 | 0.63 | 1.26 | 3.04 | 2.84 | 3.85 | 3.67 | 3.61 | 0.72 | 0.83 |
| 38. Sports goods | 0.30 | 0.34 | 0.24 | 0.46 | 0.27 | 0.24 | 0.21 | 0.21 | 0.31 | 0.29 | 0.22 | 0.31 | 0.32 |
| 39. Stationery | 1.59 | 1.42 | 1.37 | 1.37 | 1.88 | 1.46 | 1.80 | 1.23 | 1.20 | 1.03 | 0.86 | 0.82 | 0.77 |
| 40. Scientific goods | 0.92 | 1.09 | 0.85 | 0.77 | 0.78 | 0.80 | 0.74 | 0.72 | 0.80 | 0.77 | 1.04 | 1.06 | 1.17 |
| 41. Timber | 1.79 | 1.94 | 1.98 | 1.66 | 1.68 | 1.48 | 0.95 | 1.08 | 1.03 | 1.95 | 1.25 | 1.13 | 1.05 |
| 42. Typewriters and duplicator | 0.26 | 0.41 | 0.35 | 0.63 | 1.06 | 0.89 | 0.80 | 1.04 | 0.76 | 0.49 | 0.54 | 0.45 | 0.44 |
| 43. Halwai (Sweets) | — | — | — | — | — | 0.14 | 0.23 | 0.45 | 0.40 | — | — | — | — |
| 44. Miscellaneous | 17.59 | 14.47 | 14.74 | 15.34 | 14.35 | 20.43 | 19.90 | 12.19 | 3.22 | 10.16 | 10.75 | 14.11 | 10.51 |
| TOTAL | 100 | 100 | 100 | 00 | 100 | 100 | 100 | 100 | 100 | 1.0 | 100 | 100 | 100 |

Note: Totals may not tally due to rounding.

petroleum products, general merchandise, and kirana accounted for 40 per cent of the aggregate receipts in 1963-64; their share remained at 40 per cent in 1970-71 and 1975-76. It may, however, be noted that these six groups of commodities could maintain their total share at a constant level only because of the phenomenal rise in the receipts from one single group, namely, diesel oil and petroleum products. The share of this group went up from 5.2 per cent in 1963-64 to 9.4 per cent in 1970-71 and further to 13.2 per cent in 1975-76; correspondingly, the aggregate share of the other five groups registered a continuous decline.

Among the items whose share in revenue increased during the period, may be mentioned hardware and chemicals. It is interesting to note that the relative shares of items that can be identified as belonging to the category of construction materials also went down significantly; while the share of building materials fell from 2.8 per cent in 1963-64 to 1.4 per cent in 1975-76, that of iron and steel and timber went down from 5.1 per cent to 3.6 per cent. The relative shares of the majority of the articles belonging to the category of consumer durable goods either registered reductions or remained at the levels maintained in the 60's.

It is difficult to explain the decline in the shares of automobiles and spare parts, building materials, consumer durable goods, iron and steel and the electrical goods. One would expect that in the course of development, the relative importance of these goods would increase.

The percentage figures in Table 4.6 cannot be taken to reflect the situation in regard to commodity composition of revenue as it prevails now because of possible changes in the structure of the economy and of the coming into force of a different Act, namely, the Delhi Sales Tax Act 1975. Hence we requested the Department to provide us with information on the commodity composition of sales tax revenue for a recent year such as 1982-83. However, the Department could give us such information only in relation to the relatively small number of commodities subject to the first-point tax plus two groups of commodities subject to the last-point tax (namely, sanitary-ware and fittings and automobile parts including tyres and tubes). Since the major part of the revenue is derived from the last-point goods,

the limited information provided by the Department could not be meaningfully interpreted or used.

5. Registration of Dealers and Minimum Turnover for Registration

All dealers in taxable goods, be they importers, manufacturers or merely resellers who exceed the prescribed minimum turnover limit¹ are required to obtain a registration certificate. Registered dealers are liable to file returns and pay tax on their taxable sales.

A dealer who deals exclusively in goods declared tax-free would not become liable even if his turnover exceeds the specified taxable quantum. In the case of a dealer dealing in both tax-free and taxable goods, his entire turnover is to be taken into consideration, for fixing the liability for getting registered. A dealer who is dealing in tax-free goods and whose turnover has already exceeded the taxable quantum would become automatically liable to register and pay tax from the day he makes a taxable sale. When a dealer has more than one place of business in Delhi, with the same constitution, his liability will be decided with reference to the total turnover of all the places of business.

For dealers who import for sale any goods into Delhi the taxable quantum is nil. For manufacturers the taxable quantum is Rs 30,000. For other dealers the taxable quantum is Rs 1 lakh. Prior to the present enactment, (i.e., the 1975 Act) the taxable quantum for the last two categories was Rs 10,000 and Rs 30,000, respectively. The taxable quantum was raised to eliminate petty dealers from the tax net and also keeping in view the manifold increase in the prices of goods since the fifties. The taxable quantum in respect of manufacturers can be increased upto Rs 1 lakh by the administrator if he feels that having regard to the difficulty in maintaining accounts or for some other sufficient cause, it is warranted. The taxable quantum so increased is to be published in the official gazette. The taxable quantum in relation to halwais dealing exclusively in articles ordinarily prepared by halwais when sold by them is Rs 75,000.

1. This is, somewhat misleadingly, referred to in Delhi as "the taxable quantum".

6. Trends in the Number of Registered Dealers

As of 31st March, 1983, the number of registered dealers under DST were 83,871 and those under CST were 77,532. The number of dealers under both the Acts increased significantly during the period 1959 to 1983 (Table 4.7). It is noticed that

TABLE 4.7
Growth of Registered Dealers (1954-1983)

| <i>Year as on 1st April</i> | <i>Under Delhi Sales Tax Act</i> | <i>Under Central Sales Tax Act</i> | <i>Total**</i> |
|-------------------------------------|--|--|----------------|
| 1954 | 13019 | — | 13019 |
| 1955 | 14038 | — | 14038 |
| 1956 | 14491 | — | 14491 |
| 1957 | 14869 | — | 14869 |
| 1958 | 16005 | N.A. | 16005 |
| 1959 | 15842 | 10938 | 27780 |
| 1960 | 16231 | 12223 | 28454 |
| 1961 | 16616 | 12391 | 29007 |
| 1962 | 17616 | 13315 | 30931 |
| 1963 | 18737 | 14423 | 33160 |
| 1964 | 20136 | 15895 | 36031 |
| 1965 | 21940 | 17575 | 39515 |
| 1966 | 24230 | 19556 | 43786 |
| 1967 | 27427 | 22266 | 49693 |
| 1968 | 31280 | 25203 | 56483 |
| 1969 | 33735 | 27033 | 60768 |
| 1970 | 35907 | 28798 | 64705 |
| 1971 | 38458 | 31011 | 69469 |
| 1972 | 41417 | 33639 | 75056 |
| 1973 | 43866 | 36104 | 79970 |
| 1974 | 45994 | 38343 | 84337 |
| 1975 | 49463 | 41628 | 91091 |
| 1976 | 53250 | 45704 | 98954 |
| 1977 | 54575 | 47916 | 102491 |
| 1978 | 58765 | 52138 | 110903 |
| 1979 | 61742 | 55426 | 117168 |
| 1980 | 65560 | 59364 | 124924 |
| 1981 | 71090 | 64935 | 136025 |
| 1982 | 77661 | 71423 | 149084 |
| 1983* | 83871 | 77532 | 161403 |

Notes: N.A. = Not available.

* As on 31st March, 1983.

** This total is misleading as there is considerable overlapping.

Source: Office of the Commissioner of Sales Tax, Delhi.

the number of dealers under CST has increased faster (8.56 per cent per annum) than the dealers under DST (7.52 per cent). This would suggest that the number of exporters has grown faster than the number of resellers who sell to the internal market in Delhi. But this may not be the correct conclusion to be drawn from these figures. As we shall see later, many dealers obtain registration by effecting one or two inter-State sales (The rule under CST is that every one who effects an inter-State sale must apply for registration regardless of turnover). They are not genuine exporters; their intention is to obtain registration, because it confers certain privileges which they would like to utilise for their own purposes. Another fact to be noted is that according to the existing rules any one who wishes to get registered under CST in Delhi must also get himself registered under DST. Thus if one adds up the number of dealers shown to be registered under DST and the number shown to be registered under CST, one does not get the total number of registered dealers. There is considerable overlapping between the two categories.

All those who are registered under CST must be presumed to be registered under DST; but not *vice versa*. This would mean that as on 31.3.1983, 77,532 dealers were registered under both the Acts and only 6339 dealers were registered under DST only. The total number of registered dealers would be shown to be only 83,871. The sales tax in Delhi being a predominantly last-point tax, it does not seem plausible that only such a small proportion of the total number of dealers would be internal sellers with no inter-State sales. On the face of it, there seems to be something wrong with the figures. It is also possible that many re-sellers who ought to be registered under the law are in fact not registered.

7. Distribution of Dealers by Range of Turnover and Tax Paid

Unfortunately the Department does not collect and maintain information on the distribution of dealers either by amount of turnover or amount of tax paid, just as it does not have information on the distribution of turnover and yield by commodity groups. At our request a sample survey was undertaken and data on turnover and tax paid were collected for all dealers in 10 representative Wards (out of 50). The sample Wards were

chosen on the basis of the Department's knowledge and not on a random basis. This may be kept in mind in considering the results.

It is seen that the dealers with GTO below Rs 5 lakh constituted (1978-79) more than 66 per cent of the total number of dealers, but accounted for only about 11 per cent of the total turnover and about 10 per cent of the tax paid (Table 4.8). Those with GTO below Rs 1 lakh constituted 31 per cent of the total number of dealers, while their share in tax paid was only around 1 per cent. If only DST were to be considered, the bottom 66 per cent of the dealers with turnover below Rs 5 lakh accounted for only 9.5 per cent of the turnover and 7.5 per cent of the tax paid. At the other end of the scale, the dealers with Rs 50 lakh and above, accounting for only about 4 per cent of the dealers, accounted for more than 64 per cent of the total turnover under DST and around 58 per cent of its yield. A similar pattern is discerned in several of the States. For example, in Uttar Pradesh, 87 per cent of total number of dealers (who fell in the turnover group of Rs Zero to Rs 3 lakh) contributed only 8 per cent of the tax revenue [Government of Uttar Pradesh, (1980) *Taxation Enquiry Committee Report*, Lucknow, p. 3]; in Karnataka 80 per cent of the total number of dealers (who fell in the turnover group of Rs Zero to Rs 3 lakh) contributed only 8.28 per cent of the revenue [Government of Karnataka (1982), *Karnataka Taxation Review Committee, 1981, Part-I: Report on State Taxes*, Bangalore, p. 78]; and in Tamil Nadu 75 per cent of the total number of dealers (who fell in the turnover group of Zero to Rs 3 lakh) contributed only 9 per cent of the revenue [NIPFP, (1982) *Information System and Evasion of Sales Tax in Tamil Nadu*, Delhi].

8. The Basic Method of Enforcement

Except for the 20 first-point goods, the system in existence in Delhi could be described as the Ring System. The class of registered dealers constitute the ring; so long as sales take place within the ring, i.e., between registered dealers, no tax is payable. As soon as a sale crosses the boundary of the ring, i.e., it is by a registered dealer to a non-registered dealer or the consumer, it becomes taxable. Although only sales by a registered dealer to a non-registered dealer are taxable, it becomes neces-

TABLE 4.8
Distribution of Dealers, Taxable Turnover and Tax Paid by the Gross Turnover Range (1978-79)*

| GTO turnover range | Number of Registered Dealers | Taxable turnover | | Tax paid | | (Percentage) |
|--------------------------|------------------------------|------------------|--------------|----------|-------|--------------|
| | | DST | CST | DST | CST | |
| 1. Below Rs 1 lakh | 31.24 | 1.33 | 1.23 | 1.04 | 1.10 | 1.06 |
| 2. Rs 1 lakh to 5 lakh | 35.05 | 8.16 | 11.91 | 6.44 | 12.83 | 8.72 |
| 3. Rs 5 lakh to 10 lakh | 13.73 | 6.50 | 10.11 | 4.39 | 7.92 | 5.65 |
| 4. Rs 10 lakh to 25 lakh | 11.10 | 11.37 | 18.68 | 23.58 | 37.84 | 28.66 |
| 5. Rs 25 lakh to 50 lakh | 4.94 | 8.20 | 13.68 | 6.18 | 8.67 | 7.06 |
| 6. Rs 50 lakh to 75 lakh | 1.45 | 5.82 | 6.28 | 8.04 | 6.95 | 7.64 |
| 7. Rs 75 lakh and above | 2.50 | 58.62 | 38.10 | 50.34 | 24.68 | 41.19 |
| | | | Total | | | |

Note: * These are estimates based on the data supplied to us for 10 representative Wards by the Office of the Commissioner of Sales Tax, Delhi.

sary to monitor all the sales of registered dealers, because the Department would like to ensure that no taxable sales escape tax. Hence all registered dealers have to submit returns, whether or not they are liable to pay tax and have to provide evidence to show that such and such sales are tax-free because they are sold to other registered dealers. This evidence is a security-printed form (Form S.T-1) which is to be given to the selling dealer by the purchasing dealer. The latter has to obtain this form from the Department and the former must produce the form at the time of assessment.

This system of issue of declaration forms—wherein it is declared in effect that the dealer is purchasing the stated goods for re-sale or for use in manufacture—is extremely complicated and subjects the dealers to great inconvenience. The purchasing dealer has to obtain the forms from the Department. Since the Department is naturally cautious about issuing the forms and since only a given maximum value of purchases can be endorsed on a single form, repeated visits to the Department become necessary. As for the selling dealer, he has to pursue the purchasing dealer to obtain the necessary forms. It would be injurious to his business to insist that the form should always be produced at the time of sale. What is more important, the system of issue of ST-1 Forms has become a significant source of corruption and malpractice. Many dealers obtain registration just to be able to obtain these forms, often in collusion with lower level officers. They then effect purchases, tax-free, on the basis of these forms and disappear after some time; their sales escape tax. Or, they sell the forms in the market. Although the Department claims that in the absence of this form, there would be evasion on a large scale, our study of the present situation supported by discussion with the various interests involved, shows that substantial evasion takes place even with the form. The checking of the forms in the hands of the selling dealer takes place only at the time of assessment and that is done three or four years after the event.

By contrast, for the enforcement of the first-point levy, no statutory declaration form has been stipulated. Except where the commodity is to be brought without payment of tax, the voucher issued by the selling dealer is deemed sufficient to show that the commodity has already suffered tax. If, however, a

good subject to the first-point levy is to be brought free of tax, say, by a manufacturer as input, then the buyer has to furnish a form, which, however, is not security-printed.

9. Rate Structure

There are 9 different rates of sales tax under DST ranging from half per cent to 40 per cent*. Some of the goods are exempted from sales tax altogether. Economic considerations as well as the need to introduce progressivity in the tax structure seem to have guided the differentiation in the rates. Table A. 4.3 presents the various commodities classified according to the rates of tax. Category (A) is of a special nature where there is only one commodity on which the tax rate is as much as 40 per cent. Category (B) consists of goods subject to the rate of 10 per cent. Category (C) consists of goods under the purview of the Central Sales Tax the rates on which vary from 1 to 4 per cent. Category (D) consists of goods which are subject to less than the general rate of 7 per cent. Category (E) consists of goods which are taxable at the general rate of 7 per cent. Lastly, there is the category of exempted goods on which no tax is levied (Table A.4.2).

The rates of tax in Delhi are generally lower than those prevailing in the neighbouring States, namely, Haryana, Punjab, Rajasthan and Uttar Pradesh (Table 4.9). Some of the food items—for example, cereals, pulses, atta, maida, suji, bread, cooked food, achar, murabba (except when sold in sealed containers)—are exempted in Delhi while they are taxed at 3 to 4 per cent in the neighbouring States. The rate structures of Delhi and the neighbouring States are presented and compared in Chapter 7.

10. Taxation of Inputs

Inputs as such are not exempt from sales tax in Delhi but because most of the goods are taxed at the last stage of sale, sales between one registered dealer and another do not attract tax. Manufacturers being registered dealers are entitled to purchase all raw materials or intermediate goods (which are mentioned in their certificate of registration for the purpose of

* $\frac{1}{2}$, 1, 2, 3, 4, 5, 7, 10 and 40 per cent.

manufacture of goods for sale) tax-free. This concession is permitted to manufacturers under Section 4(2) (a) (v) of Delhi Sales Tax Act. It provides for deduction from a dealer's turnover the value of goods sold to registered dealers on the condition that the former furnishes, to the assessing authority, the prescribed declaration duly filled and signed by the purchasing dealer in respect of goods purchased by him.

The exemptions are subject to the condition that the purchasing dealer uses the goods for the purposes specified in his certificate of registration. If the purchasing dealer utilises goods for purposes other than those mentioned in his declaration, he is penalised by the inclusion in his taxable turnover of the sales price of the goods so purchased. This liability is in addition to other penalties provided in the Act for contravention of a declaration made under the provision of the Act.

Raw materials required for the manufacture of tax-free goods specified in the IIIrd Schedule (tax-free goods) cannot be purchased on the strength of a registration certificate, nor can they be incorporated in the certificate of registration. Similarly, the sale of containers or other materials to be used for the packing of tax-free goods is not excluded (section 4 of the Delhi Sales Tax Act) from taxable turnover.

The facility of tax-free purchase of inputs is provided in respect of goods taxed at the first-point also. A manufacturer in Delhi is entitled to purchase free of tax even those goods which are taxable at the first-point and which are intended for use by him as raw materials in the manufacture in Delhi or any goods (other than exempted goods specified in the IIrd Schedule) for sale by him in or from Delhi, provided that no such deduction in respect of any sale shall be allowed unless the dealer selling the first-point goods furnished to the appropriate assessing authority by the time the assessment is being made by it, a simple declaration in the prescribed form duly signed by the purchasing registered dealer.

11. Concessions to Promote Entrepot Trade

Under the Delhi Sales Tax, as we have seen, the treatment of inputs is such as to minimise the cost of manufacture and to promote industrial growth within the Union Territory. It is also noteworthy that concessions are granted under the Central

Sales Tax Act in order to encourage entrepot trade. For example, in respect of goods which are imported into Delhi and sold in the course of inter-State trade without undergoing any processing, the CST rate is reduced from 4 to 2 per cent. Again inter-State sales of scientific equipment, etc. to an educational institution and such sales of medical preparations to any hospital or dispensary working under the supervision of Central/State governments are taxed only at 5 per cent. Further, rates of tax on inter-State sales to registered dealers of certain goods such as dry fruits, tea and til oil have been fixed at 2 per cent and 1 per cent. (For details see Table A.4.4)

12. Exemptions

In common with the States, the Union Territory of Delhi also grants exemptions for quite a few commodities (Schedule III). Broadly speaking, they fall into the following categories.

First, the following goods are exempted on the ground that they are necessities:

- (i) All cereals and pulses;
- (ii) Flour including atta, maida, besan, suji;
- (iii) Chapaties, paranthas, puries, kulchas, nans and bhaturas, and bread (double roti);
- (iv) Fuel wood and charcoal;
- (v) Salt; and
- (vi) Water.

Second, some perishable goods are granted exemption from sales tax, because they are mostly food items and administering a tax on these would pose insurmountable difficulties. These are:

- i. Meat and fish;
- ii. Fresh eggs;
- iii. Vegetables;
- iv. Fruits;
- v. Fresh milk;
- vi. Dahi and lassi;
- vii. Betel leaves; and
- viii. Achar and Murabba except when sold in sealed containers.

Third, a number of goods are exempted to help certain sectors in the economy or to give incentive for the adoption of particular techniques of production. The goods exempted are either inputs or outputs of a particular sector or industry. They are:

- i.* Edible oil produced in indigenous kohlu or ghani;
- ii.* Agricultural implements;
- iii.* Fertilizers;
- iv.* Cattle feed, including fodder and poultry feed;
- v.* Country-made shoes, cane and bamboo handicrafts and earthenwares made by kumbharas;
- vi.* Charkha, takli, and charkha accessories;
- vii.* Pesticides for plant protection;
- viii.* Plant protection machines;
- ix.* Handspun yarn;
- x.* Livestock including poultry;
- xi.* Hand-made matches; and
- xii.* Readymade garments of khadi.

Fourth, some goods are exempted on educational and cultural grounds;

- i.* Books and periodicals;
- ii.* Maps, educational charts;
- iii.* Instrument boxes used by students;
- iv.* Educational globes and instruments used in mechanical drawing and biology used by students;
- v.* School exercise and drawing books; and
- vi.* Slate, slate pencil, takhties, black ink used for takhties, writing chalks, crayons, kalam, etc.

Fifth, certain goods are exempted as a matter of social policy and/or on humanitarian grounds;

- i.* Blood for transfusion;
- ii.* Cotton paddings;
- iii.* Chloroquine tablets; and
- iv.* Condoms.

Sixth, some commodities are exempted on the ground that

they are taxed under other Acts of Delhi Administration or the right to tax them has been surrendered to the Central government. To the former category belong stamp paper and electric energy, to the latter category belong all varieties of cotton fabrics, rayon or artificial silk fabrics and woollen fabrics, sugar and tobacco.

Last, besides the abovementioned exemptions under Schedule III of the DST, there are quite a few exemptions granted under Rule 11 of the Delhi Sales Tax Rules. They are:

- i.* Sales of goods to any foreign or commonwealth diplomatic mission, or any office of the United Nations or of any specialised agency of the inter-government organisations for its officials use and to such personnel (including their spouses) of any such mission or office for their personal use;
- ii.* Sales of goods to Canteen Stores Department or by Canteen Stores Department to retail Canteens run by it in Delhi or Regimental or Unit-run Canteen in Delhi or by Canteen Stores Department or by retail Canteen run in Delhi by the Canteen Stores Department or Regimental or Unit-run Canteen or Canteen Contributors as approved by the Government of India to the members of Armed Forces of the Union Territory of India in Delhi;
- iii.* Sales of goods to the Indian Co-operation Mission, Nepal, for use of India-aided projects in Nepal;
- iv.* Sales of television sets made to the Department of Atomic Energy for use for rural area of Delhi;
- v.* Sales of television sets made to (a) the Directorate of Education, Delhi Administration, (b) hospitals, educational and social welfare institutions owned, aided or recognised by the Government of India, Delhi Administration or local bodies, (c) such other institutions as may be specified by the Administrator by notification in the official gazette from time to time for their use in Delhi;
- vi.* Sales of goods, exceeding twenty rupees in value in one transaction, made to (a) Indian Red Cross Society, Delhi, (b) St. John's Ambulance Association

- (India), Delhi, (c) Hind Kusht Nivaran Sangh (Indian Leprosy Association) Delhi, (d) Police Families Welfare Society (Registered), Delhi;
- vii. Sales of aviation fuel made to airlines for international flights;
 - viii. Sales of television sets made to the associations and industries of Delhi for rendering assistance and relief to the Defence Forces, Jawans and their families;
 - ix. Sales of UNICEF greeting cards and calendars by dealers in Delhi;
 - x. Sales of goods made to the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) for its official use.
 - xi. Sales made to any undertaking supplying electrical energy to the public in Delhi for use in Delhi by it directly in the generation or distribution of electrical energy in Delhi;
 - xii. Sales of (a) all types of weights, weighing and measuring devices, (b) models, biological specimen and stuffed animals, (c) receptacles of all kinds, and (d) chemicals;
 - xiii. Sales of goods made to CARE, India (Cooperative for American Relief Everywhere) for the purpose of free distribution as part of its programme or for its official use;
 - xiv. Sales of goods which are subject to tax at the first-point under Section 5 made by the subsequent dealer(s) to CARE, India for the purpose of free distribution as part of its programme or for its official use in respect of which the dealer selling the goods at the first-point has allowed refund or adjustment of the amount of sales tax to the subsequent dealer effecting such sales;
 - xv. Sales of Khadi Silk Fabrics, when made by dealers dealing in Khadi Fabrics but not in other fabrics and who are certified for the purpose by the Commission constituted under the Khadi and Village Industries Commission Act, 1956 (61 of 1956);
 - xvi. Sales of typewriters to the Convent of Jesus and

- Mary for imparting training and shorthand to girls belonging to Scheduled Castes/Scheduled Tribes;
- xvii. Sales of goods gifted to the Nation by the late Shri V.K. Krishna Menon;
- xviii. Sales by the Indian Tourism Development Corporation from its duty-free shop at Palam Airport to passengers in transit or outgoing for a price payable in foreign exchange or by foreign traveller's cheques;
- xix. Sales of Neera and Palm gur effected by the Delhi Neera Scheme, Khadi and Village Industries Commission, New Delhi;
- xx. Sales of goods gifted to the Lahirabad Leprosy Home in Bider District (Andhra Pradesh) by the late Miss Padmaja Naidu;
- xxi. Sales of goods made by Delhi Commonwealth Women's Association, New Delhi;
- xxii. Sales including post sales, of Tamrapatras to the Ministry of Home Affairs, Government of India, intended for presentation to freedom fighters;
- xxiii. Sales of goods to the Kendriya Sainik Board, New Delhi, required for the purpose of raising funds for the Welfare of Ex-servicemen and their dependants and for provision of amenities to serving personnel of the "Armed Forces of India";
- xxiv. Sales of Papads by Shri Mahila Griha Udhog Lijjat Papad for so long as it is holding a certificate of recognition for "Papad" as village industries product issued by the Commission constituted under the Khadi and Village Industries Commission Act, 1956 (61 of 1956);
- xxv. Sales of Dewali and New Year greetings cards prepared by Indian Council of Child Welfare;
- xxvi. Sales of goods to Ramakrishna Mission, New Delhi, for distribution to persons affected by floods in Rajasthan; and
- xxvii. Sales of greeting cards, calendars, posters and pamphlets of World Wild Life, India.

TABLE A.4.1
List of Goods Subject to First-Point and Last-Point Levy Under
Delhi Sales Tax Act, 1975

| <i>Sl. No.</i> | <i>Commodity</i> | <i>First-point (FP) or Last-point (LP)</i> |
|----------------|--|--|
| (1) | | (2) |
| 1. | In the case of taxable turnover in respect of any food or drink served for consumption in a hotel or restaurant or part thereof, with which cabaret floor show or similar entertainment is provided | LP |
| 2. | (a) Motor vehicles, including chassis of motor vehicles, accessories, component parts and spare parts of motor vehicles and motor bodies | LP |
| | (b) Motor tyres and tubes | FP |
| 3. | (a) Motor cycle and motor and cycle combinations, motor scooters, motorettes and accessories, component parts and spare parts of motorcycles, motor scooters and motorettes | LP |
| | (b) Motor cycle tyres and tubes | FP |
| 4. | Refrigerators, air-conditioning and other cooling appliances and apparatus including room coolers and water coolers and component parts, spare parts and accessories thereof. | LP |
| 5. | Wireless reception instruments and apparatus, radios and radio-gramophones, television sets, accumulators, amplifiers and loudspeakers and spare parts, component parts and accessories thereof, and electrical valves | LP |
| 6. | Cinematographic equipment including cameras, projectors and sound recording and reproducing equipment, and spare parts, components and accessories required for use therewith and lenses, films and cinema carbons | LP |
| 7. | Photographic and other cameras and enlargers, lenses, films and plates, paper and other component parts, spare parts and accessories required for use therewith including photographic chemicals and photographs but excluding X-ray apparatus and films, plates, photographic chemicals and other equipment required for use with the X-ray apparatus and component parts, spare parts and accessories thereof. | LP |
| 8. | All clocks, time pieces, watches, electrical time switches and mechanical timers and component parts, spare parts and accessories thereof | LP |

TABLE A.4.1 (Contd.)

| (1) | (2) |
|--|-----|
| 9. All arms including rifles, revolvers, pistols and ammunition for the same, and component parts, spare parts and accessories thereof | LP |
| 10. Cigarette cases and lighters | LP |
| 11. Dictaphone, tape-recorders and other similar apparatus for recording sound and component parts, spare parts and accessories thereof | LP |
| 12. Sound transmitting equipment including telephones and loudspeakers and loudspeakers and component parts, spare parts and accessories thereof but excluding sound amplifying apparatus carried on the person and adapted for use as a hearing aid | LP |
| 13. Typewriters, tabulating, calculating, cash registering, indexing, card punching, franking and addressing machines, teleprinters and duplicating machines and component parts, spare parts and accessories thereof. | LP |
| 14. Binoculars, telescopes and opera glasses and component parts, spare parts and accessories thereof | LP |
| 15. Gramophones, record players, record changers and component parts, spare parts and accessories thereof and records and needles | LP |
| 16. All electronic and electrical goods other than torches, torch cells and filament lighting bulbs | LP |
| 17. Table cutlery including knives and forks, but not including spoons | LP |
| 18. All types of sanitary goods and fitting | LP |
| 19. (a) All goods made of glass but not including plain glass panes, optical lenses, hurricane lantern chimneys, phials, clinical syringes, thermometers, bangles and scientific apparatus and instruments made of glass | LP |
| (b) Glazed earthenware | LP |
| (c) Chinaware, including crockery | LP |
| 20. Vacuum flasks of all kinds (including thermoses, thermic jugs, ice buckets or urns and other domestic receptacles to keep food or beverages hot or cold) and refills thereof | LP |
| 21. Liquor (foreign liquor and Indian-made foreign liquor) | LP |
| 22. Picnic set sold as a single unit | LP |
| 23. Iron and steel safes and almirahs | LP |
| 24. Motor spirit, high speed diesel oil, aviation gasoline, aviation turbine fuel and all other varieties of fuel for motor vehicles and aircraft | FP |

TABLE A.4.1 (Contd.)

| (1) | (2) |
|--|-----|
| 25. Cosmetics, perfumery and toilet goods including shampoos but not including soap, tooth brush, tooth paste, tooth powder and kumkum; dhoop-aggarbatti | LP |
| 26. Leather goods (excepting footwear, belts and sports articles made of leather) | LP |
| 27. Furniture including iron and steel furniture | LP |
| 28. Sheets, cushions, pillows, mattresses and other articles made from foam rubber or plastic foam or other synthetic foam | LP |
| 29. Furs and articles of personal or domestic use made therefrom | LP |
| 30. Articles and wares made of stainless steel but excluding safety razor blades and surgical instruments or parts of industrial machinery and plant | LP |
| 31. Perambulators | LP |
| 32. Plastic, celluloid bakelite goods and goods made of similar other substances but not including such goods of value not exceeding thirty rupees per piece | LP |
| 33. Fireworks including coloured matches | FP |
| 34. Lifts whether operated by electricity or hydraulic power | LP |
| 35. All types of glazed and vitrum tiles, mosaic tiles, laminated sheets like sunmica, formica, etc. | LP |
| 36. (a) Pile carpets (b) All varieties of woollen carpets not covered by item (a) above | — |
| 37. Bicycles | FP |
| 38. Bricks, fire bricks, brick-bats and brick ballast | FP |
| 39. Cement | FP |
| 40. Denatured spirit | FP |
| 41. Ice-cream of all kinds including ice-candy | FP |
| 42. Refined rapeseed oil | FP |
| 43. Candles | FP |
| 44. Coal including coke in all its forms | FP |
| 45. Cotton as defined in Section 14 of the Central Sales Tax Act, 1956 (74 of 1956) | LP |
| 46. Iron and steel as defined in Section 14 of the Central Sales Tax Act, 1956 (74 of 1956) | LP |
| 47. Jute as defined in Section 14 of the Central Sales Tax Act, 1956 (74 of 1956) | LP |
| 48. Oil seeds as defined in Section 14 of the Central Sales Tax Act, 1956 (74 of 1956) | LP |
| 49. Hides and skins whether in a raw or dressed state | LP |

TABLE A.4.1 (Contd.)

| (1) | (2) |
|---|-----|
| 50. Cotton yarn as defined in Section 14 of the Central Sales Tax Act, 1956 (74 of 1956), and cotton thread | LP |
| 51. Rajai gilafs (quilt covers) costing more than fifteen rupees each | LP |
| 52. Readymade garments costing thirty rupees and above per piece, but not including garments made of furs | LP |
| 53. Hosiery goods sold at a price of thirty rupees per piece and above | LP |
| 54. Articles ordinarily prepared by Halwais dealing exclusively in such articles when sold by them | LP |
| 55. Desi Ghee | LP |
| 56. Paper of all kinds including hand-made paper whether meant for writing, printing, copying, packing or for any other purpose | LP |
| 57. Butter (tinned) | FP |
| 58. Cream | FP |
| 59. Powdered milk and condensed milk whether whole or skimmed | LP |
| 60. Cheese | LP |
| 61. Black-lead pencils and coloured pencils | LP |
| 62. Pesticides other than for plant protection | LP |
| 63. Insecticides | LP |
| 64. Cotton waste | LP |
| 65. Cotton yarn waste | LP |
| 66. Ice | FP |
| 67. Drugs, medicines and pharmaceutical preparations | FP |
| 68. Edible oils | LP |
| 69. Polyester staple fibre | LP |
| 70. Tractors and their parts | LP |
| 71. Washing soaps, detergents and other materials used for washing | LP |
| 72. Woollen carpet yarn | LP |
| 73. Footwear costing upto thirty rupees per pair, and leather belts | LP |
| 74. Optical lenses, hurricane lantern chimneys, phials, clinical syringes, thermometers, bangles and scientific apparatus and instruments made of glass | LP |
| 75. Torches, torch cells and filament lighting bulbs | LP |
| 76. Soap, tooth brush, tooth paste, tooth powder and kumkum | LP |
| 77. Safety razor blades and surgical instruments or parts of industrial machinery and plant | LP |

TABLE A.4.1 (Contd.)

| (1) | (2) |
|---|-----|
| 78. Plastic, celluloid bakelite goods and goods made of similar other substances of value not exceeding thirty rupees per piece | LP |
| 79. Molasses | LP |
| 80. Knitting wool | LP |
| 81. Vegetable ghee (hydrogenated vegetable oil) | FP |
| 82. Liquefied petroleum gas (kitchen gas) | FP |
| 83. Boot Polish | LP |
| 84. Honey | LP |
| 85. Umbrella | LP |
| 86. Distilled water | LP |
| 87. Khadi bags | LP |
| 88. Goods made of canvas cloth | LP |
| 89. Matches (other than hand-made matches) | FP |
| 90. Kerosene | LP |
| 91. Raw wool | LP |
| 92. Khoya | FP |
| 93. Gold ornaments | LP |
| 94. Butter other than tinned | FP |
| 95. Razai gilafs (quilt covers) costing not more than fifteen rupees per piece | LP |
| 96. Silver ornaments | LP |
| 97. Readymade garments sold at a price below thirty rupees per piece but excluding garments made of fur and silk | LP |
| 98. Hosiery garments costing less than thirty rupees per piece | LP |
| 99. Bullion and specie | LP |
| 100. Readymade umbrella cloth covers | LP |
| 101. Silk fabrics—(the expression “silk-fabrics” means all varieties of fabrics manufactured either wholly or partly from silk and includes embroidery in the piece, in stripes or in motifs, but does not include any fabrics falling within item 13 of the Third Schedule to the Delhi Sales Tax Act, 1975) | FP |
| 102. All varieties of yarn other than cotton yarn and knitting wool | LP |
| 103. Butter oil | FP |
| 104. Goods other than exempted goods | LP |

TABLE A.4.2
The Third Schedule
(Tax-free goods)

1. All cereals and pulses including all forms of rice and their brans and cooked dal
2. Flour including atta, maida, besan and suji
3. Chapaties, paranthas, stuffed paranthas, puries, stuffed puries, kulchas, nans and bhaturas and bread (double roti)
4. Meat and fish other than canned, preserved, processed, dried, dehydrated or cooked
5. Fresh eggs
6. Vegetables, green or dried (except when sold in sealed containers) and vegetables seeds
7. Fruits other than dry fruits or canned, preserved dried or dehydrated fruits
8. Sugar as defined in the Central Excise and Salt Act, 1944 (1 of 1944)
9. Salt
10. Fresh milk (whole or separated) including boiled and sugared milk
11. Edible oil produced in indigenous kohlu or ghani (including powered kohlu or ghani) when sold by the person owning such kohlu or ghani and dealing exclusively in the product of such indigenous kohlu or ghani, subject to the condition that in case of powered kohlu or ghani a certificate of genuineness has been or is issued by the Commission constituted under the Khadi and Village Industries Act, 1956 (61 of 1956)
12. Dahi and lassi
13. All varieties of cotton fabrics and woollen fabrics
[*Explanations:*
The expression "cotton fabrics", "man made fabrics", and "woollen fabrics" shall have the same meaning as are, respectively assigned to them in the Central Excise and Salt Act, 1944 (1 of 1944).]
14. Books and periodicals, maps, educational charts, instrument boxes used by students and educational globes and instruments, such as instruments used in mechanical drawing and biology, used by students
15. Fuel wood and charcoal
16. School exercise and drawing books
17. Agricultural implements including chaff cutters and persian wheels or parts thereof and electric motors including monoblock sets of 3 to 7.5 horse power

TABLE A.4.2 (Contd.)

[*Explanation:*

The goods covered by this entry do not include tractors and component parts, spare parts and accessories thereof.]

18. Cattle feeds, including fodder and poultry feeds
19. Electric energy
20. Fertilisers
21. Water but not aerated water or mineral water or water sold in bottles and or sealed containers
22. Tobacco as defined under Central Excise and Salt Act, 1944 (1 of 1944)
23. (i) Country made shoes
(ii) Cane and bamboo handicrafts
(iii) Earthenwares made by kumbharas
(a) without the use of power and
(b) at a place other than factory as defined in the Factories Act, 1948 (63 of 1948) and sold either by the maker himself or by any member of his family or by a cooperative society consisting wholly of the makers of such articles
24. Charkhas, takli and charkha accessories.
25. Slate, slate pencils, takhties, black ink used for takhties, writing chalks, crayons (excluding colour pencils) foot rules of the type used in schools and kalams (pens for takhties).
26. Betel leaves including prepared pans.
27. Pesticides for plant protection
28. Plant protection machines
29. Ready-made garments of khadi made out of cloth certified as such under the khaddar (Protection of name) Act, 1950 (78 of 1950)
30. Condoms
31. Blood for transfusion that is to say, fresh human blood or plasma, liquid or dried
32. Handspun yarn
33. Achar and murabba except when sold in sealed containers.
34. Scientific goods including scientific glass goods, geometrical and drawing goods used in schools and colleges for teaching and for use by students

[*Explanation:*

The goods covered by this entry do not include pencils and paper.]

35. Livestock including poultry
36. Cotton paddings
37. Hand-made matches
38. Chloroquine tablets
39. Sale of newsprint to a publisher for the purpose of publishing a newspaper (including periodicals) which is deemed to be small medium newspaper under the Press Council Act, 1978 (17 of 1978)

TABLE A.4.2 (Contd.)

- and which is registered as such with the Registrar of Newspapers for India.
40. Renewable energy devices specified below:
- (i) Flat plate solar collectors
 - (ii) Concentrating and pipe type solar collectors
 - (iii) Solar cookers
 - (iv) Solar water heaters and systems
 - (v) Air/gas fluid heating systems
 - (vi) Solar crop driers and systems
 - (vii) Solar refrigeration, cold storage and air-conditioning systems
 - (viii) Solar stills and desalination systems
 - (ix) Solar pumps based on solar thermal and solar photovoltaic conversion
 - (x) Solar power generating systems
 - (xi) Solar photovoltaic modules and panels for water pumping and other applications
 - (xii) Wind mills and any specially designed devices which run on wind mills
 - (xiii) Any special devices including electric generators and pump running on wind energy
 - (xiv) Biogas plants and biogas engines
 - (xv) Electrically operated vehicles including battery powered or fuel cell powered vehicles
 - (xvi) Agricultural and municipal waste conversion devices producing energy
 - (xvii) Equipment for utilising ocean waves and thermal energy
41. Lower and upper extremity orthotics and prosthetics, wheel chairs, crutches and walking aids designed for the use of orthopaedically handicapped persons; hearing aids for the deaf and dumb; braille slates, braille typewriters, braille watches and chairs for the blind

TABLE A.4.3
**Rates of Sales Tax Under the Delhi Sales Tax Act 1975
as on 1983**

Rate of tax

A.

In the case of taxable turnover in respect of any food or drink served for consumption in a hotel or restaurant or part thereof, with which cabaret floor show or similar entertainment is provided 40%

B. THE FIRST SCHEDULE

1. Motor vehicles, including chassis of motor vehicles, motor tyres and tubes, accessories, component parts and spare parts of motor vehicles and motor bodies 10%
2. Motor cycle and motor and cycle combinations, motor scooters, motorettes and tyres and tubes, and accessories, component parts and spare parts of motor cycles, motor scooters and motorettes 10%
3. Refrigerators, air-conditioning and other cooling appliances and apparatus including room coolers and water coolers and component parts, spare parts and accessories thereof 10%
4. Wireless reception instruments and apparatus, radios and radio-gramophones, television sets, accumulators, amplifiers and loudspeakers and spare parts, component parts and accessories thereof, and electrical valves 10%
5. Cinematographic equipment including cameras, projectors and sound recording and reproducing equipment, and spare parts, component and accessories required for use therewith, and lenses, films and cinema carbons 10%
6. Photographic and other cameras and enlargers, lenses, films and plates, paper and other component parts, spare parts and accessories required for use therewith including photographic chemicals and photographs but excluding X-ray apparatus and films, plates, photographic chemicals and other equipment required for use with the X-ray apparatus and component parts, spare parts and accessories thereof 10%
7. All clocks, time pieces, watches, electrical time switches and mechanical timers and component parts, spare parts and accessories thereof 10%

TABLE A.4.3 (Contd.)

| | |
|---|-----|
| 8. All arms including rifles, revolvers, pistols and ammunition for the same, and component parts, spare parts and accessories thereof | 10% |
| 9. Cigarette cases and lighters | 10% |
| 10. Dictaphone, tape-recorders and other similar apparatus for recording sound and component parts, spare parts and accessories thereof | 10% |
| 11. Sound transmitting equipment including telephones and loudspeakers and component parts, spare parts and accessories thereof but excluding sound amplifying apparatus carried on the person and adapted for use as a hearing aid | 10% |
| 12. Typewriters, tabulating, calculating, cash registering, indexing, card punching, franking and addressing machines, teleprinters and duplicating machines and component parts, spare parts and accessories thereof | 10% |
| 13. Binoculars, telescopes and opera glasses and component parts, spare parts and accessories thereof | 10% |
| 14. Gramophones, record players, record changers and component parts, spare parts and accessories thereof and records and needles | 10% |
| 15. All electronic and electrical goods other than torches, torch cells and filament lighting bulbs | 10% |
| 16. Table cutlery including knives and forks, but not including spoons | 10% |
| 17. All types of sanitary goods and fitting | 10% |
| 18. (i) All goods made of glass but not including plain glass panes, optical lenses, hurricane lanterns, chimneys, phials, clinical syringes, thermometers, bangles and scientific apparatus and instruments made of glass | 10% |
| (ii) Glazed earthenware | 10% |
| (iii) Chinaware, including crockery | 10% |
| 19. Vacuum flasks of all kinds (including thermoses, thermic jugs, ice buckets or boxes, urns and other domestic receptacles to keep food or beverages hot or cold) and refills thereof | |
| 20. Liquor (foreign liquor and Indian-made foreign liquor) | 10% |
| 21. Picnic set sold as a single unit | 10% |
| 22. Iron and steel safes and almirahs | 10% |
| 23. Motor spirit, high speed diesel oil, aviation gasoline, aviation turbine fuel and other varieties of fuel for motor vehicles and aircraft | 7% |
| 24. Cosmetics, perfumery and toilet goods including shampoos but not including soap, tooth-brush, tooth-paste, | |

TABLE A.4.3 (Contd.)

| | |
|--|-----|
| tooth-powder and kumkum; dhoop-aggarbatti | 10% |
| 25. Leather goods excepting footwear, belts and sports articles made of leather | 10% |
| 26. Furniture including iron and steel furniture | 10% |
| 27. Sheets, cushions, pillows, mattresses and other articles made from foam rubber or plastic foam or other synthetic foam | 10% |
| 28. Furs and articles of personal or domestic use made therefrom | 10% |
| 29. Articles and wares made of stainless steel but excluding safety razor blades and surgical instruments or parts of industrial machinery and plant | 7% |
| 30. Perambulators | 7% |
| 31. Plastic, celluloid bakelite goods and goods made of similar other substances but not including such goods of value not exceeding thirty rupees per piece | 7% |
| 32. Fireworks including coloured matches | 10% |
| 33. Lifts whether operated by electricity or hydraulic power | 10% |
| 34. All types of glazed and vitrum tiles, mosaic tiles, laminated sheets like sunmica, formica, etc. | 10% |
| 35. (i) Pile carpets | |
| (ii) All varieties of woollen carpets not covered by item (i) above | 10% |

C. THE SECOND SCHEDULE

| | |
|--|----|
| 1. Coal including coke in all its forms | 3% |
| 2. Cotton as defined in section 14 of the Central Sales Tax Act, 1956 (74 of 1956) | 4% |
| 3. Iron and steel as defined in section 14 of the Central Sales Tax Act, 1956 (74 of 1956) | 4% |
| 4. Jute as defined in section 14 of the Central Sales Tax Act, 1956 (74 of 1956) | 4% |
| 5. Oil seeds as defined in section 14 of the Central Sales Tax Act, 1956 (74 of 1956) | 3% |
| 6. Hides and skins whether in raw or dressed state | 3% |
| 7. Cotton yarn as defined in section 14 of the Central Sales Tax Act, 1956 (74 of 1956), and cotton thread | 1% |

TABLE A.4.3 (Contd.)

**D. GOODS ON WHICH RATE OF TAX IS LESS
THAN THE GENERAL RATE OF 7%**

| | |
|---|----|
| 1. Razai Gilafs (Quilt covers) costing more than fifteen rupees each | 5% |
| 2. Ready-made garments costing thirty rupees and above per piece but not including garments made of furs | 5% |
| 3. Hosiery goods sold at a price of thirty rupees per piece and above | 5% |
| 4. Articles ordinarily prepared by Halwais dealing exclusively in such articles when sold by them | 5% |
| 5. Desi Ghee | 5% |
| 6. Paper of all kinds including hand made paper whether meant for writing, printing, copying, packing or for any other purpose | 5% |
| 7. Butter (tinned) | 5% |
| 8. Cream | 5% |
| 9. Powdered milk and condensed milk whether whole or skimmed | 5% |
| 10. Cheese | 5% |
| 11. Black-lead pencils and coloured pencils | 5% |
| 12. Pesticides other than for plant protection | 5% |
| 13. Insecticides | 5% |
| 14. Cotton Waste | 5% |
| 15. Cotton Yarn Waste | 5% |
| 16. Ice | 5% |
| 17. Drugs, medicines and pharmaceutical preparations | 5% |
| 18. Edible oils | 5% |
| 19. Polyester Staple fibre | 5% |
| 20. Tractors and their parts | 5% |
| 21. Washing soaps, detergents and other materials used for washing | 5% |
| 22. Woollen carpet yarn | 5% |
| 23. Foot-wear costing upto thirty rupees per pair, and leather belts | 5% |
| 24. Optical lenses, hurricane lantern chimneys, phials, clinical syringes, thermometers, bangles and scientific apparatus and instruments made of glass | 5% |
| 25. Torches, torch cells and filament lighting bulbs | 5% |
| 26. Soap, tooth-brush, tooth-paste, tooth-powder and kumkum | 5% |
| 27. Safety razor blades and surgical instruments or parts of industrial machinery and plant | 5% |

TABLE A.4.3 (Contd.)

| | |
|---|-----------------|
| 28. Plastic, celluloid bakelite goods and goods made of similar other substances of value not exceeding thirty rupees per piece | 5% |
| 29. Molasses | 5% |
| 30. Knitting wool | 5% |
| 31. Vegetable Ghee (hydrogenated vegetable oil) | 5% |
| 32. Liquefied petroleum gas (kitchen gas) | 5% |
| 33. Boot polish | 5% |
| 34. Honey | 5% |
| 35. Umbrella | 5% |
| 36. Distilled water | 5% |
| 37. Khadi bags | 5% |
| 38. Goods made of canvas cloth | 4% |
| 39. Matches (other than hand-made matches) | 3% |
| 40. Kerosene | 2% |
| 41. Raw-wool | 3% |
| 42. Khoya | 2% |
| 43. Gold ornaments | 3% |
| 44. Butter other than tinned | 2% |
| 45. Razai gilafs (quilt covers) costing not more than fifteen rupees per piece | 2% |
| 46. Silver ornaments | 2% |
| 47. Ready-made garments sold at a price below thirty rupees per piece but excluding garments made of fur and silk | 2% |
| 48. Hosiery garments costing less than thirty rupees per piece | 1% |
| 49. Bullion and specie | $\frac{1}{2}$ % |
| 50. Ready-made umbrella cloth covers | 1% |
| 51. Silk fabrics | 3% |
| [Explanation: | |
| The expression "silk-fabrics" means all varieties of fabrics manufactured either wholly or partly from silk and includes embroidery in the piece, in stripes or in motifs, but does not include any fabrics falling within item 13 of the Third Schedule to the Delhi Sales Tax Act, 1975.] | |
| 52. All varieties of yarn other than cotton yarn and knitting wool | 2% |
| 53. Butter oil | 5% |

E. SALES OF OTHER GOODS TAXABLE AT THE RATE OF 7%

TABLE A.4.4

**List of Exemptions/Concessions Allowed Under the Central
Sales Tax Act, 1956 in the Union Territory of Delhi**

| <i>S. No.</i> | <i>Item</i> | <i>Rate of tax</i> |
|---------------|--|--------------------|
| 1. | Sales in the course of inter-state trade or commerce of any goods (other than goods specified in the first schedule) to a registered dealer provided the goods have been imported into Delhi and are exported from Delhi without undergoing any processing or change in identity and have already been subjected to tax under the Central Sales Tax Act. [S.R.O. 2717 dated 28.8.57 (substituted by notification No. S.O. 613(E) dated 21.10.75)]. | 2% |
| 2. | Sales in the course of inter-state trade or commerce by any registered dealer in Delhi of any goods (other than goods specified in the First Schedule) provided sales relate to goods which have been received in Delhi by the selling dealer from place of business in other state where he is registered under the sales tax Law of that state, or from the place of business of his agent or principal in other state | 2% |
| 3. | Inter-state sales of scientific equipment and instruments to an educational institution for use in the teaching of science or to a hospital for its use or to a laboratory or institution which carries on any research work for the promotion of literary or scientific, artistic or educational object and which is not run with the motive of making profit (G.S.R. No. 364 dated 25.3.60 as amended by notification dated 31.5.63) | 5% |
| 4. | Inter-state sales of Medical preparations to any hospital or dispensary working under the supervision of Central/State Government administrative control of local bodies or run by charitable institutions receiving grant-in-aid from Central or State Government. (G.S.R. 365 dated 25.3.60 as amended by notification dt. 31.5.63) | 5% |
| 5. | Inter-state sales of pencils to any unregistered dealer outside Delhi (G.S.R 1816 dated 31.12.62) | 5% |
| 6. | Inter-state sales made by any dealer of Delhi to the United Nations Children's Fund (UNICEF). (Notification dt. 13.6.72 Delhi dated 10.4.72) | Exempt |
| 7. | Inter-state sales to the International Crop Research Institute for the Semi-Arid Tropics. (Notification No. 4-15034/19/73—Delhi dated 22.12.73) | Exempt |

TABLE A.4.3 (Contd.)

| | |
|--|--------|
| 8. Inter-state sales to CARE India (Notification No. U-15034/28/74—Delhi dated 17.6.75) | Exempt |
| 9. Inter-state sales to any dealer (registered or unregistered) in Sikkim. [Notification No. S.O. 169(E) dated 5.3.76] | 4% |
| 10. Rate of tax on inter-state sales to registered dealers on the following goods reduced as under: | |
| (i) Dry fruits | 2% |
| (ii) Tea | 2% |
| (iii) Sarson, teria, till or tarmira oil (not being hydrogenated vegetable oil) [Notification No. 484 (%E) dated 20.7.76] | 1% |