CHAPTER 1

Introduction and Overview
CHAPTER 1

INTRODUCTION AND OVERVIEW

1.1 Introduction

With the rapid increase in the activities of the welfare States, taxation has assumed an important role in mobilizing resources to finance various activities. Taxation, however, has far-reaching consequences on the economy. The revenue may be raised through various types of taxes, each of which has its influence on different aspects of production, productivity, consumption pattern, resource allocation, income distribution and price stabilization. Unless the system is sound, tax structures are appropriate, and the system is properly administered, the economy cannot reap the due benefits from the taxation system.

India, being a welfare economy, has a mounting pressure of public expenditure. It is not possible for the Government to raise the entire expenditure through revenue. Hence, fiscal deficit is very common in Indian public finance. A nominal fiscal deficit may be very much usual in any welfare economy. But, excessive fiscal deficit has a tremendous negative effect on the overall economy of the country. The Government of India tries very hard to control the fiscal deficit in and around 5 percent of the Gross Domestic Product (GDP). It would much depend on the quantum and growth of revenue generated by the Government. Commodity taxation in India has been playing a crucial role in generating public revenue. Besides creating buoyancy in State exchequer, it helps the Government primarily in containing the onslaught of fiscal deficit both at the Centre as well as at the States. It is estimated that 80% of the central tax revenue is generated through commodity taxation alone. Its relevance in the context of price structure of the commodities can hardly be overlooked.
Taxes imposed on commodities are indirect taxes. They may be levied at the point of production or at the point of sale of commodities and are collected from the sellers. These taxes are mostly shifted to the buyers in the form of a part of the price of the commodity charged from them. Thus, commodity taxes push up the prices of the commodities. Commodity taxes, as imposed in India, can broadly be grouped into three categories viz. Excise Duties, Customs Duties, and Sales Tax. Excise duties are levied on the production of commodities, while the commodity taxation in relation to internationally traded goods is popularly known as Customs Duties which include both Import and Export Duties. Both these taxes are under the jurisdiction of Central Government. Sales tax is charged by the State Governments and is a major source of State revenue.

There is a clear division of tax jurisdiction between the Central and State Governments. While the Union Government is empowered to impose taxes on a wide basis, State Governments have somewhat limited fields. Sales tax is the main source of tax revenue for any State Government. However, it has been observed that the tax structure and its imposition vary from State to State. While a certain State may impose heavy tax on one commodity the neighbouring State may give total tax exemption on that commodity. Such practices make the system more complicated and directly affect the revenue earning of both the States. Besides, there are wide variations in State-commodity-tax structure in different States of India. Such variations and differences in State commodity tax structure have made the tax administration system more complicated. Considering this, the Government of India in connotation with the State Governments have planned for imposition of a uniform Value-Added Tax (VAT) in the entire country in the place of State sales taxes.¹ Sales taxation, thus, assumes a special significance and provides scope for investigation over its several dimensions viz. structure, administration, levy, collection, and distribution.
1.2 The Problem Under Study

Taxation management by State Governments in India has been a serious problem since long. The State Governments have been struggling hard and also have been trying continuously to improve the tax legislation in order to make it more effective and simple. In the process, the industry had not been able to draw long-term perspective plans because of annual tinkering with the tax structure in the federal set-up. On the other hand, the States are getting engaged in a trade war in the form of cutting down of tax rates and providing concessions and relaxation. Such attitudes on the part of the State Governments have made the system even more complex. The Captains of the Indian industries feel that proper research in this area should be carried out to evolve effective and stable policies of tax legislation.

Under the federal structure of the economy, the Union Government and the State Governments are both empowered to levy taxes. The provisions of the Constitution of India provide wider scope of revenue generation to the Union Government in comparison to the State Governments. The State Governments are allowed to levy taxes in the areas specified in the schedules of the Constitution. The economic conditions of the State Governments in the country also vary very widely. There are some State Governments who are developed enough, and can earn substantial revenue by themselves. On the contrary, there are underdeveloped States who mainly depend on the Union Government as the main source of revenue. The State of Assam belongs to the later category as, on an average, 8 percent of the SDP is the share in Central Taxes. Its share of own tax revenue to the total tax revenue is around 40 percent. Thus, majority of its revenue comes from the Union Government as the share in union taxes or as grants-in-aid.
The Eleventh Finance Commission, which is set up by the President of India to decide about sharing of revenue between the Union Government and State Governments, has been pressing hard to the State Governments for self-reliance instead of being dependent on the Union Government for financing their expenditures. Therefore, the State Governments are facing hard times for augmenting their own resource generation. Though the State Governments impose various taxes and duties, sales tax is the major source of revenue for any State Government.

The Government of Assam has been administering sales taxes since 1947. In the past, there were several tax legislation governing taxation of commodities in Assam, viz., Assam Sales Tax Act, 1947, Assam Finance Tax Act, 1956, Assam Purchase Tax Act, 1967, and the Assam (Sales of Petroleum and Petroleum Products including Motor Spirit and Lubricants) Taxation Act, 1955 leading to the first point tax as well as last point tax at multi-points on interstate sale as well as intrastate sale. However, with a view to rationalizing the tax structure, a comprehensive legislation viz. The Assam General Sales Tax Act, 1993 was enacted bringing all the former legislation under the banner of above Act. It was expected that the new Act would help the State Government in collecting higher amount of taxes particularly in the form of sales tax. On an average, the sales taxes contribute around 65 percent of the total tax revenue in Assam. However, the data available show that while the collection of revenue from sales tax was Rs. 293 cr. in 1991-92, it was Rs. 508 cr. in 1997-98. It is a strange fact that the receipts from sales tax during this period could not be made at least double even though product-wise market growth has been manifold over this period. However, collection from sales taxes during the years 1998-99, 1999-2000 and 2000-2001 had been Rs. 550 cr. Rs. 716 cr. and Rs. 918 cr. respectively. This tremendous growth in the collection of sales tax revenue in the current years has been possible because of some reform measures initiated by the authorities. This situation suggests that
there remains ample scope for augmenting resources from sales tax collection. Moreover, the Government of Assam has already committed to the Central Government for imposition of uniform Value-Added Tax along with other States of the country tentatively from April 1, 2004. It is essential to have clear roadmap in order to implement the VAT successfully to the benefit of the stakeholders. Such a situation warrants the need for a critical study of the structure of the present AGST Act and its administrative mechanism in order to find out the flaws in the said Act. Such a study should be able to suggest changes needed, if any, in the structure and administration of the sales tax system in Assam which would help the planners to draw a flawless roadmap for introduction of VAT for the State of Assam which is totally new to all quarters.

Collection of revenue from any tax statute depends on its efficient administration. A well-designed Act may not garner its expected quantum unless it is administered efficiently. Thus, the State should adopt the art of management while administering its tax statutes. The main objective of any Government should be to raise maximum revenue by giving minimum pains to the taxpayers and all concerned.

The researcher has not come across any literature pertaining to the studies related to the situation as stated above. It clearly shows that the area has remained unexplored and that the Government of Assam is not getting the feedback as to the effectiveness of the tax system. Hence, a study is needed to be conducted to suggest changes, if needed, in the structure and administration of the sales tax system in Assam so that the State of Assam can join hands with other States in the imposition of uniform VAT effectively.
1.3 Aims and Objectives of the Study

The aim of the present study is to suggest measures for enhancing revenue from sales taxation by the Government of Assam through proper modification(s) of the existing structure and its administration mechanism.

The objectives of the study are:
(a) to critically examine the present sales tax system of Assam as regards its structure and administration mechanism.
(b) to have an in-depth study of the growth of revenue and other financial aspects of administration of sales taxation in Assam over the last four decades.
(c) to throw light on difficulties encountered in the compliance with, and in administering the tax legislation
(d) to identify various factors which lead to evasion of sales tax in Assam.
(e) to develop a roadmap for introducing a State Value-Added Tax in Assam in the line of uniform VAT all over the country
(f) to offer pragmatic and implementable suggestions for better and efficient sales tax administration in the State in future.

1.4 A Brief Profile of the Economy of Assam

The State of Assam is situated in the eastern periphery of India and is endowed with enormous natural resources. The total area covered by the State is 78,438 sq. kms having rural area of 77609.59 sq. km and urban 828.41 sq. km. The area under forests, account for around 26 per cent of the total area of the State. The State comprises of twenty-three districts.

According to 2001 census, the total population of Assam was 2,66,38,407 with majority population (about 90 per cent) living in rural areas. While the economy has been sliding all these years, the population growth has
been exceptionally high in the State. While the population in the country during the last three decades (1961-91) grew by 92.7%, it has grown by 107.4% in Assam during the same period. Population density in Assam was 340/sq.km as against the national average of 324/sq.km in 2001. Overall result of this growth has been the breakdown of the State's economy. The population of the State is expected to reach around 4 crore by 2025 which would put tremendous pressure on land and infrastructure. Serious efforts are, therefore, required to rein in all factors, including migration of foreigners, which are contributing to such changes.

During the period 1987 to 1998 the GDP growth rate per annum in the State has been around 3 per cent as against that of 6 per cent in the country as a whole. The per capita income of Assam was Rs. 1173 in 1950-51 as against the country's figure of Rs. 1127. But in 1996-97, the whole picture was reverse. While the country was having a per capita income of Rs. 2761, it was only Rs.1628 in Assam (Table 1.1). This is due to the faster rate of growth of population in Assam compared to that in the country as a whole.

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<td>1630</td>
<td>2222</td>
<td>2608</td>
<td>2761</td>
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<td>Assam</td>
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<td>1140</td>
<td>1221</td>
<td>1284</td>
<td>1524</td>
<td>1606</td>
<td>1628</td>
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<tr>
<td>Difference</td>
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<td>210 (-)</td>
<td>299 (-)</td>
<td>346 (-)</td>
<td>698 (-)</td>
<td>1002 (-)</td>
<td>1133 (-)</td>
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Source: Director of Economics and Statistics, Assam

Assam with two major rivers and with a number of perennial tributaries, 2.24 crore people and varieties of natural resources is a sleeping economic giant whose potential is yet to be tapped. The State, that had once a promising economy, has now slided into poverty and backwardness. In the beginning of the post independence era, Assam was ranked among the prosperous States of the country. The per capita income in Assam in 1950-51 was 4 per cent above
the national average (Table-1.1) but as the time passed, it gradually came to the all India average level in 1954-55 and slipped down further in the following years. In 1996-97 it stood at Rs.1628 which was 41% below the all India average of Rs.2761. The growth rate of the Gross Domestic product (GDP) in Assam (Table-1.2) since 1987 has been declining. While the all India growth rate of GDP during the period 1987 to 1999 has been around 6.5%, in case of Assam it has been 3.7% in the beginning and has come down to 1.8% in 1998-99.

Table 1.2
GDP Growth Rate Per Annum (in percentage)

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<tr>
<td>India</td>
<td>6.0</td>
<td>6.8</td>
<td>5.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Assam</td>
<td>3.7</td>
<td>3.7</td>
<td>3.0</td>
<td>1.8</td>
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Source: Director of Economics and Statistics, Assam

Fig 1.1 is a pictorial presentation of the scenario of growth in the State of Assam. It is seen that during the last twelve-year period the growth rate of GDP had been constantly lower than the national rate. Moreover, the growth rate has been falling during the period. It is due to the fact that the growth of business in the State had been abysmally low due to various reasons. It is one of the prime factors for lower collection of sales tax in Assam.

1.4.1 Major Sectors in the Economy

The State has got abundant natural resources both renewable and non-renewable viz. water resources, forests, livestock, fishes etc. are of renewable nature while minerals like gas, crude oil, limestone, coal etc. are of non-renewable nature. The ray of hope in Assam’s economy is her possession of these rich natural resources, her plenteous human and water resources and certain climatic conditions endemic to her.
The agricultural sector in Assam currently contributes 35 percent of the SDP. Rice, jute, tea, potato, sugarcane, oil seeds, and wheat are some of the important crops of the State. The fourth Economic Census, revealed that of the 5,82,873 enterprises in Assam, 18,227 enterprises were found to be under agricultural activities while 5,64,646 enterprises were found in non-agricultural activities, the percentage being 3.13 and 96.87 respectively. The overall growth rate of enterprises during the period 1990-98 is estimated at 2.06% against the all-India growth rate of 2.23%. Among the districts, Tinsukia records the maximum growth rate followed by N. C. Hills and Kamrup. Of the total enterprises, 3.99 lakh are located in the rural areas while 1.84 lakh are in urban areas. The growth rate in urban areas is maximum in Tinsukia district followed by Darrang and Nalbari. As per Economic Census 1998, almost 18,000 enterprises constituting 3.13% are engaged in agricultural activities. The share of agricultural enterprises against total enterprises being 3.25%.
1.5 Methodology Used

The methodology used in the study is discussed below:
(a) The Sales tax structure and its administration by the Government of Assam has been thoroughly studied and analyzed
(b) A Delphi like study has been conducted to obtain group consensus on issues related to sales tax structure and its administration in Assam
(c) Questionnaire method has been followed to collect the views and perception regarding sales tax from various segments such as dealers, administrators (tax officials), tax experts and consumers in general.
(d) Collected data have been processed and analyzed through statistical software SPSS. Various statistical tests viz. Correlation coefficient, chi-square test, t-test etc. have been carried out to establish bearing of several variables on each other.

1.6 Scope of the Study

The study aims at an in-depth analysis of the following aspects:
(a) Scope for reducing the difficulties encountered by the stakeholders in the compliance and administration of sales taxation in Assam.
(b) Controllability of the evasion of sales taxation in the State of Assam
(c) The attitude of consumers in Assam towards payment of sales tax.
(d) A prognosis of selected aspects of the new VAT regime in the State to be implemented tentatively from April 1, 2004.
1.7 Limitations of the Study

The present study proposes to bring into focus the various forms of commodity taxes and the two-tier Government legislation viz. Central Government and State Government in general. It encompasses a vast area covering the whole gamut of the powers of state Government to impose tax on commodities. However, the present study does not cover the extent of commodity taxes levied by the Central Government viz., central excise and customs duties. The study will restrict itself to the various pros and cons of Sales taxation of the State Governments. Assam, with its unique problems, does not resemble with other States. Moreover, its neighbouring States being tribal States have either no sales tax or a very low sales tax in their respective States. Hence, comparative analysis with other States of the country could not be carried out in the Study. Therefore, the study has been limited to that of Assam only.

Sales Tax legislation of a State may be theoretically sound as far as the economic considerations are concerned. But the success of this would depend on its effective administration. The study tries to restrict itself mainly in the area of management and administration of tax system rather than in-depth economic analysis of the Acts.

1.8 Periodicity of the Study

The study covers post 1993 period till March 2001. However, for the purpose of examining the growth in revenue and other financial parameters, data have been used since 1950-51.
1.9 Review of Literature

The subject commodity taxation has been much discussed by various authors and researchers in the recent past. The review of literature presented here, covers the main writings on sales taxation and its structure and administration, and not on the finer economic details of various commodity taxes.

Gupta (1983) makes an attempt to examine re-distributional effects of both taxation and expenditure policies in Punjab. It has been observed that while the agricultural sector has received more benefits from public exchequer, it has always borne less tax burden than the non-agricultural sector. The author makes an elaborate analysis on the incidence of various taxes including sales tax. To examine the distributional effects of tax incidence and expenditure benefits, concentration ratios have been worked out for the proportions of consumer expenditure as revealed in the NSS Consumer Expenditure Survey. The author urges for change in the structure of public expenditure with a view to minimizing inequalities through Government activities particularly in the agricultural sector.

Agarwala (1985) expounds the theoretical background of commodity taxation for the development of a country's economy. He carried out a synoptic analysis of the commodity taxes in Assam on a few selected important commodities. His suggestions for substitution of sales taxes are of much relevance to the present-day commodity tax administration system.

Chopra (1985) attempted to find out whether some of the States had been discriminated against in the matter of allocation of resources. In analyzing these, the study goes beyond the provisions of the Constitution. It, thus, seeks to evolve the alternative criteria for evaluating fairness of transfers
to States in accordance with the recommendations of the Finance Commissions.

Sastry and Reddy (1988) attempted an analytical study of various data relating to Centre-State financial relations. The findings of the analysis reveal that the inequity in the distribution of plan outlays is mainly on account of the capacity of the richer States in mobilizing more resources of their own. It has been observed that the trends in the indirect taxes of the Centre viz. reduction in the proportion of excise duties and increase in the proposition of customs have been to the disadvantage of the States. Such developments curtailing the power of the States need to be contained in the interest of harmony in Centre-State relations.

Ahmad and Stern (1991) tried to develop guidelines for the design of tax policy; to show how the principles can structure systematic research into tax reform in terms of the consequences for households, producers, Government. They finally attempted to combine the guidelines and applied research into a practical tax package for Pakistan, where tax reform has become an urgent priority. Though the study aimed at making policy guidelines for Pakistan even then, the entire findings and recommendations are very much relevant to India.

Lekhi (1992) makes a departure from old treatment of subject of public finance. He highlights the theoretical issues in Indian set-up and various illustrations drawn from Indian economy to resolve the problems.

Mehta and Manay (1992) expressed concern about the unholy tax war among States in a federal set up. The States go for reducing tax rates to attract trade and industry. They advocated for the ‘user tax’ as practiced in the U.S. According to them, the user type of tax is expected to be successful in discouraging the diversion of trade.
Rao (1992) concludes that designing an efficient indirect tax structure in a federal set-up is difficult when different levels of Government separately levy tax broadly on the same base. He studied the effects of tax structure in Brazil, Canada and other federal countries. He strongly recommends that, in a federal country, indirect tax reforms call for a good deal of coordination among different levels of Government. He warns that unless serious attempts towards harmonization of policies are made, indirect tax reform can turn out to be a futile exercise.

Goel (1993) examined the influence of financial administration, economic and fiscal policies on taxation management. But the study failed to provide any recommendations for improvement of the financial management by the Central or State Governments.

Ruhela (1994) attempts to present a rational, integrated and consistent approach to the problems of Centre-State financial relations in India. The author finds that the present financial inadequacy of the State Governments in India is partly due to their reluctance to impose additional taxes and their inability to rationalize their tax structure and partly due to the constitutional framework which restricts their financial autonomy by making them increasingly dependent on the Centre. The author coined a model called ‘Eligibility Index Model’, an equity-incentive approach which determines the eligibility of a State to get a share in the federal funds. This index is based on three criteria viz. levels of development, fiscal potential and relative tax efforts. The author strongly urges for a different style of political, economic and bureaucratic functioning on the part of the Centre in relation to the States.
Purohit (1995) summarizes the development of sales tax system and presents its fiscal importance in different States. The study is an analysis of the complex structure of the tax and presents short-term as well as long-term reforms towards the adoption of value added tax. The disquisition presents a review of the empirical studies on the incidence of the tax at regional as well as national level with special emphasis on inter-State coordination of sales taxes. Viewing tax administration as a fiscal measure, it presents reforms in administration, enforcement as well as Management Information System (MIS).

Purohit and Purohit (Ed. 1995) attempted to summarize various studies that deal with sales tax reforms. ‘Analysis of various researches on Value-Added Tax have been clubbed. They highlighted the mechanics for adoption of Value-Added Tax in the Indian context.

Todi (1995) examines the various aspects of sales taxation in the State of Assam including interpretation of various critical issues in the tax statute. The author highlights some areas for substitution of sales tax by state excise as well as Value Added Tax.

Chelliah (1996) suggests that instead of relying on very tough measures for enforcement of sales tax, the States should be encouraged to improve the quality of tax administration. To maintain fiscal autonomy of the States, the right approach would be to convert the sales tax into a nationally acceptable instrument which, while raising revenue for the States, would form a useful and necessary complement to central taxation.

Bagchi (1997) supports the argument of Dafflon (1971). The theory deals with the essence of federalism. It deals with evolving a system of governance that can maximize citizens’ welfare through discussion among
equals instead of being imposed by a powerful Centre. This approach imparts a sense of realism with a positive advice on how to deal with tax problems in a federation.

Chakrabartty (1997) presents his own views about the reasons for leakage of tax revenue and he provides various ways for augmenting revenue to the State exchequer. He is of strong opinion for the development of infrastructure of check gates for augmenting revenue.

Chatterjee (1997) provides an analysis of the overall tax performance of the State West Bengal over three decades. Econometric models have been used to know the effects of various factors on the tax performance of the State. The study reveals that compared to Maharastra, Orissa, Punjab and the all-India average, tax effort of West Bengal during the reference period has been poor, and this had an adverse impact on the total revenue and expenditure of the State Government. It had also led to a growing dependence on central taxes. The study emphasizes on the key role of own source revenues in assuring stability in Government performances of the States.

Mukhopadhyay (1997) challenges the conventional conclusion that a revenue-neutral VAT would have no impact on the aggregate price level, unless it elicits a supply response due to a lower degree of distortions. On the contrary, he shows that even if we ignore supply response, a revenue-neutral VAT can lead to higher output and lower price in a demand-constrained output regime. However, price will remain unchanged in a supply-constrained output regime.

Sury (1997) traces the structural evolution, explains the legal framework, and describes the present system of taxation in India. The study focuses on individual taxes levied by the Central and State Governments. The
author supports the introduction and extension of MODVAT at the Centre and advocates for its immediate imposition for States to harmonize and rationalize the existing sales tax system considering the development of the country as a whole and encourage free flow of trade and commerce in the economy.

Aggarwal (1998) studied the incidence of major indirect taxes in India. He attempts to estimate effective tax rates of major commodity taxes in India for the fiscal year 1989-90. It includes both central and state taxes in its coverage. There is a wide range of findings emanating from the analysis. The major finding is that the total effective rate of taxes varied between 3 to 40% for most commodities. On an average, sales tax accounted for the highest burden, exceeding 5 percentage points of the effective tax rate. The contribution of sales tax in input taxation was highest. In the conclusions of the study, it is said there is an obvious need to reduce the high incidence of input taxation. The author strongly advocates for usefulness of central level MODVAT, with its widening coverage, in reducing cascading, and improving efficiency in production. He urges the States to be induced for reforming the system of sales tax which is the major contributor to input taxation.

Chande (1998) presents Kautilya’s work in a lucid manner. The author makes his own observations about the political situation vis-à-vis the state and its administration in India from the Vedic period to date. Though the Arthasastra was expounded in about 330 B.C. by Kautilya, it is still relevant and capable to arrest the rapidly worsening condition of people on account of their depleted moral values, inter alia, mal-governance, mal-administration and all pervading corruption, both in the administration and society.

Sharma (1998) makes a comprehensive and explicit analysis of financial administration through the technique of budgeting adopted by the Government of India. Although there is no dearth of literature written by the British and
American authors on the subject, this study is an appropriate and meaningful academic work in Indian context. The study analyses, in detail, the relationship of Indian budgetary trends with economic development and policy formulation of India. It reveals a vivid picture of the financial position of the Government and enables Parliament to measure adequately the impact of such financial programmes on the country’s economy. A package programme of various measures has been suggested for gearing budgets as instruments for physical and financial control in the process of planned economic development of the nation.


Working Report of Tax Research Institute (1999) on “India: Environmental Protection Policy and Tax Concessions” describes the relationship between economic activities and environmental resources. It explains the causes leading to the current deplorable state of environment in India. Government policy and initiatives (constitutional, legislative and fiscal) to protect environment and ensure sustainable growth have been highlighted.

Working Report of Tax Research Institute (1999) on “Tax Incidence Studies in India - A Survey” explains the various concepts of tax incidence. It also summarises and critically examines the findings of various tax incidence studies attempted in India since independence. The research report covers all-India, State-level and sectoral level studies of incidence of indirect taxes.
Working Report of Tax Research Institute (1999) on “India: Tax Measures and Reforms 1991-2000” examines the effect of post-1991 reform of lower tax regime in India. It has been observed that by lowering the tax rates, the Government has been partially successful in speedy industrial development and hence buoyancy in tax revenue.

Economics of Taxation (1999) is an intensive study on the various aspects of taxation viz. effects of taxes, canons of taxes, incidence of taxes and the like. The study emphasizes on the technique of calculation of tax ratio. It tries to accurately measure the tax buoyancy by eliminating the discretionary changes from actual tax revenue. However, it has not suggested any measure that can be useful for developing policies in the matter.

Khadka and Shukla (1999) observe that while there is some scope to generate additional revenue through the direct taxes, India will have to depend more on indirect taxes in the foreseeable future. The authors suggested for restructuring the tax administration and for training of tax officials to create a proper environment for moving towards a VAT regime in due course.

While the growth of analytical literature on the theory of tax reform and the practical experiences in several countries over the years have helped to identify the directions and preconditions for successful tax reforms, a number of issues both at conceptual and practical levels, have remained unclear. Moreover, most of the literatures are on the economics of taxation and some are on the federal structure of the country. It has been found that there is dearth in literature as regards the management of tax system is concerned. No work has been found which had attempted to examine and find out the optimum ways for efficient management of sales taxation system in India. Thus, there is a need to work in this area to gain a better understanding of those aspects.
1.10 Overview of the Thesis

Chapter 1 includes introduction of the problem under study, the objectives, scope and limitations of the study, and overview of the chapters of the thesis. A discussion on the literatures available have also been presented here.

In Chapter 2, the salient features and fiscal importance of the commodity taxation are being highlighted. The chapter tries to justify the study of sales taxation as an important component of the whole gamut of commodity taxation. An introduction to the Value Added Tax has been provided in this chapter.

Chapter 3 presents in detail the methodology followed in the study for achieving its objective. The system followed in the collection of primary as well as secondary data are being explained. The method for analyzing the data have also been presented here.

Various Acts relating to commodity tax implemented in Assam since its inception are discussed in Chapter 4. The revenue collected through implementation of the various legislations, specially during pre 1993 and post 1993 periods, are analyzed and presented in this Chapter.

Chapter 5 presents the views and perceptions of the stakeholders about the sales taxation system in Assam. The information were collected through a survey carried out all over the State. A thorough analysis has been carried out to identify the wish lists of different segments of stakeholders viz. Dealers, administrators, experts and consumers.
Chapter 6 highlights the findings and analysis of the study. Based on the findings of the study as well as analysis of all available information, the constituent features of most effective tax policy for the State have been developed and presented.

The findings from the previous chapters are summarized and presented in Chapter 7. The scope for future work have been mentioned in this Chapter.

References: