

9. SUMMARY AND RECOMMENDATIONS

Evolution of Sales Tax

The sales tax was first introduced in Tamil Nadu in 1939, primarily to make up for the loss in revenue arising as a result of Prohibition. It was a multi-point tax levied at a very low rate. In 1948, Prohibition was extended to the whole State. To make up this loss, the rates were further revised and the exemption for some of the commodities was withdrawn.

In April 1957, the goods declared to be of special importance under the Central Sales Tax Act, 1956, were shifted to the single-point levy. Besides, the general rate of the multi-point tax was increased from 1.56 per cent to 2 per cent with effect from August 1, 1957.

In 1957, the Government invited Dr. P.S. Lokanathan to examine the system of sales tax. On the basis of his Report, new legislation was introduced which incorporated many of his suggestions. Subsequently, in 1965, the Government invited Dr. Lokanathan to re-examine various aspects of the sales tax system. In 1972, Mr. S.P.Srinivasan was appointed as Officer on Special Duty to examine the structure and administration of the sales tax in the State. Again, in November 1977, a Committee was appointed under the Chairmanship of Shri S.R. Kaiwar to examine the administrative procedures relating to the sales tax. On the basis of the recommendations of all these Reports, the list of single-point commodities steadily expanded.

As a measure of augmenting revenue, two new enactments were placed on the statute book. They were:

(i) The Tamil Nadu Additional Sales Tax Act, 1970 (AST) and (ii) The Tamil Nadu Sales Tax (Surcharge) Act, 1971.

Sales tax on motor spirit introduced in 1939 was the first of the fiscal enactments to tax the sale of goods to compensate for the loss of revenue caused by the introduction of Prohibition. Originally, the Act levied the tax at a single-point on retail sales. However, with effect from April 1, 1958, the stage of levy of this tax was transferred to the first-sale in the State.

Fiscal Importance of Sales Tax

Sales tax has come to occupy an important place in the fiscal structure of the Indian States. Its yield has increased by leaps and bounds over the years. The upsurge in the fiscal importance of this tax is reflected in the compound growth rate of the tax. In Tamil Nadu, the growth of sales tax has been comparable to that in any other advanced State in the country. Besides the growth in absolute terms, the relative importance of the tax has also increased over the years.

The higher growth in the sales tax has partly been due to the efforts of the State to mobilise resources through this tax. Almost every year substantial revenue has been raised through additional tax measures. This trend has continued over the years but the other taxes have not been tapped to the same extent. The higher growth rate of sales tax could, to a great extent, be attributed to its responsiveness to the tax base. This is proved by various studies attempted in this regard. This higher coefficient of elasticity could be interpreted

to mean that the relative growth of tax revenue has been higher in the State. This will be a result of the greater tax effort of the State.

Structure of Sales Taxes in Tamil Nadu

The existing structure of sales taxes in the State is governed mainly by the Tamil Nadu General Sales Tax Act, 1959 (TNGST). Initially, this Act provided for a multi-point levy only. But it has undergone several changes over the years, and, as of today, a large number of commodities are subjected to a single-point tax; most of these are taxed at the first-point and a few select at the last-point. Only the residuary category of goods (i.e., the commodities not elsewhere classified) are taxed at all the points. The declining proportion of the multi-point goods in the sales tax structure of the State is reflected in the trend of its yield. In addition to the TNGST, the existing structure provides for the levy of an Additional Sales Tax (AST) and the surcharge. The latter is levied only in Madras, Madurai, Salem, Coimbatore and Tiruchirapalli.

The trend of revenue from the AST and the surcharge shows that the yield of the latter has increased in almost the same proportion as the GST.

The data on commodity-wise composition show that ten commodities yielded about half the revenue to the exchequer in 1972-73. In 1979-80, five commodities yielded more than one-fourth of the total revenue. Another group of ten commodities yielded roughly the same amount of tax.

Alongwith switching over to a single-point tax, progression was introduced in the sales tax system of Tamil Nadu through variations in rates; instead of a single rate, different rates were adopted for necessities and luxuries.

The rates of tax on different commodities is such that cereals, salt and such necessities, including some food items, are exempted. Pulses are taxed at the rate of 4 per cent. Other food items are taxed at rates ranging between 4 and 9 per cent.

A large number of consumer goods including consumer durables are taxed at 6-8 per cent single-point (or 5 per cent multi-point). However, a few consumer durables are specifically taxed at a very low rate. Luxury goods, in general, are taxed at rates ranging from 10 to 15 per cent. Raw materials and other inputs are not taxed at high rates. Machinery is taxed at 6 per cent.

The rates of sales tax in Tamil Nadu and in some of the neighbouring States show that on most commodities the rates are comparable among the neighbouring States of Karnataka, Kerala, Andhra Pradesh and Orissa.

However, the rates of tax on foodgrains in the neighbouring States are higher than the rates in Tamil Nadu. The rates for other food articles are more or less comparable with those in Tamil Nadu. Vanaspati ghee and deshi ghee are taxed at relatively higher rates but tea leaf and coffee-powder are taxed at relatively lower rates. From among consumer durables, cycles and accessories are exempted

in Karnataka but taxed at 3 per cent in Tamil Nadu and 6 per cent in Kerala and Andhra Pradesh. Rates of consumer durables including gold and silver are normally similar to those prevailing in Karnataka but are higher than those in Kerala and Andhra Pradesh. Fuel items, normally referred to as the MST items, are taxed at lower rates in Tamil Nadu.

In Tamil Nadu, there is no concessional treatment for raw materials in general. Only the components used by manufacturers are taxed at the concessional rate of 4 per cent. This concession is permitted only if both the component parts and the manufactured products in which they are to be used, are taxable at the first-point. Besides, the components have to be physically identifiable parts of the manufactured goods.

The State government have to notify commodities to be taxed at the concessional rate of 4 per cent. Only three commodities have so far been notified. Besides, the concession granted to these three specified industries is narrow in its coverage and ignores inter-industry relationship.

As in other States, exemptions in Tamil Nadu too are granted for a variety of reasons. First, certain food items are exempted, on considerations of equity and administration. Second, certain non-food items are exempted to encourage their consumption by the poor and production by special agencies. Third, the exemptions are granted on an institutional basis. Fourth, there are exemptions intended to fulfil obligations arising from inter-State or international agreements. Fifth, certain agricultural

inputs including producer goods used in agriculture are exempted. Finally, exemptions are granted to the commodities specifically taxed under different statutes.

There is a problem of multiplicity of rates. The principle of progression has been applied with great precision and there are 15 rate categories.

Rationalising the Sales Tax Structure

The sales tax system is a sub-set of the overall tax system of the country. Besides, we have to always keep in view the possibilities of diversion of trade and investment. Moreover, there are a number of principles that a State's tax system should follow along with the national system. In the overall framework, therefore, the following are crucial to rationalising the sales tax structure of Tamil Nadu: Growth objective, equity consideration, administrative convenience and co-ordination.

Prior to 1959, Tamil Nadu had a multi-point tax. With the enactment of Tamil Nadu General Sales Tax Act, 1959, the State introduced a combination of both the single-point and the multi-point tax. But, gradually, there has been a further movement towards single-point levy and, as of now, there is a predominant reliance on the first-point tax. This has been the result of the changes in the tax structure made on the basis of the recommendations of various committees. However, in deciding this, the overriding consideration has been administrative expediency. In fact, the economic considerations are no less important and merit careful consideration.

On a balance of all the economic considerations, it could be suggested that both the last-point sales tax, as prevalent in the United States of America, and the multi-point value-added tax of the type prevalent in the EEC countries, are clearly superior to the first-point levy or the multi-point turnover tax prevalent in Tamil Nadu.

Although the value-added tax and the retail sales tax have the same economic effects, they are not similar. From the point of economic effects and administrative consideration, both the retail sales tax and the value-added tax are definitely superior. But given the existing standards of cross-verifications and assessment of non-tax paying dealers, it is desirable to discard the retail sales tax in comparison to the value-added tax.

The most appropriate reform in the State of Tamil Nadu would be to have a combination of a single-point tax and a value-added tax. Whereas, the former would be levied in most cases, the latter would be resorted to in respect of some important commodities in whose cases there is either expected evasion of the tax or there is evidence that value-added in the course of trade is substantial.

The introduction of this system of multi-point tax with set-off (i.e., value-added tax) is best suited in the circumstances prevailing in the State of Tamil Nadu. It would go a long way towards checking evasion of tax and rationalising the tax structure. To begin with, only a few commodities may be put under the scheme. A review should be made after a period of two years to see if the other commodities could be brought under this system. As this

State has already gained experience in the multi-point tax, it would not be difficult to successfully administer the value-added tax, which could be gradually extended to some commodities too.

There are very fine gradations for different commodities. Hence, there are a large number of sales tax rates that have come to stay in the case of single-point goods. At present, there are fifteen rates. There is a clear need to reduce the number of rates.

The concessional treatment accorded to inputs is narrow and ignores inter-industry relationship. To promote industrialisation and to keep the industries of Tamil Nadu competitive, it is necessary for the State to adopt a rational tax treatment of components and raw materials.

Several States grant exemption or concessional treatment to raw materials. Generally speaking, either producers are allowed to buy the raw materials at a concessional rate varying from 1 to 4 per cent, or there is a conditional or an unconditional exemption for such purchases.

We recommend that in the interest of the economic development of the State, and for creating a higher tax base in the future, there should be no tax on the use of any raw material by manufacturers. Presently, there is a tendency to buy several raw materials from out of the State to save the higher rate of tax on their use. The policies followed by Pondicherry should be a matter of concern for Tamil Nadu; the CST rate for some commodities in the former has been reduced to 2 per cent to further escalate the diversion of trade in its favour.

In general, the grant of the right to purchase raw material without payment of tax is not desirable. It is, therefore, useful to introduce a system of set-off against the liability of tax on final output.

Manufacturers can at present buy the components at a concessional rate of 4 per cent. But all the raw materials in the case of notified goods can be bought at the concessional rate. We recommend, in view of the economic effect and also to avoid evasion of tax, that all manufacturers be allowed to buy raw materials at the concessional rate of 4 per cent. The second recommendation is that a provision be introduced to allow for full set-off of the 4 per cent tax paid on raw materials by manufacturers against any sales tax that he is required to pay on his output. With the implementation of this recommendation, no inter-State transactions of raw material for tax evasion would take place.

Since the tax liability on inputs would always be less than the liability on the final goods, the set-off procedure would work in a semi-automatic manner. In case the manufacturer does not pay the tax on his output and is, therefore, unable to obtain a set-off in respect of raw material taxation, the tax on raw material would "stick". The set-off would not be possible if the commodity that a manufacturer produces is moved to another State on stock-transfer.

This may mean some fall in the revenue in the short-run, but it is not going to have any significant effect. In the long-run, a boost would be given to sales

tax collections because, the measures we are recommending should lead to greater degree of industrial activity as well as local purchases in the State.

Composition of Registered Dealers and Assesseees in Tamil Nadu

The number of registered dealers has increased over the years. But the proportion of dealers who collect and pay the tax (i.e., assesseees) has declined sharply. This is partly explained by the fact that time and again some commodities have been transferred from the purview of multi-point taxation to single-point taxation.

Most of the tax revenue is collected from a very small fraction of the total assesseees. The assesseees falling in the gross turnover group below Rs 1 lakh are very large in number (23.8 per cent of the total assesseees) but pay a negligible amount of tax to the Government. The departmental work relating to administering these small dealers is disproportionately large in relation to their inconsequential contribution to the exchequer.

This situation can be attributed to the existing law relating to the registration of dealers in the State. Every dealer dealing in the first-point goods has to get himself registered, irrespective of his turnover. Consequently, almost all the dealers in the State are within the purview of the sales tax administration. This is tantamount to having no registration limit for dealers under the TNGST Act.

The data relating to the size of turnover and tax paid show that the major proportion of non-assessee dealers and even the assesseees in these ranges pay a very insignificant amount of tax. Other States also reveal the same trend. The low registration limit of Rs 30,000, coupled with the registration of all dealers dealing in the first-point goods, has created a situation in Tamil Nadu where the major portion of the time of the Department is spent in completing many of the formalities. Besides, these registered dealers are found to be partners in bill-trading. It is recommended that the present exemption limit should be raised to Rs 1,00,000 for the second seller in the State.

As a first step, it may be desirable to raise the exemption limit to Rs 75,000 for all re-sellers. After the Department gains experience and assures itself that, on the one hand, it is able to concentrate on the bigger dealers and that, on the other, evasion is decreased rather than increased through the raising of the exemption limit, the limit could be raised further to Rs 1,00,000. The increase in the exemption limit would not lead to any loss in revenue. This would go a long way towards making the tax acceptable to trade and industry.

As most of the tax revenue is collected from a very small fraction of the total assesseees who fall in the highest turnover group, it is in the interest of the Department to concentrate on the assessment of these dealers. In order to strike a balance between the revenue and the cost of administration, it is essential that the small dealers having a turnover below Rs 2 lakh are allowed

to pay tax on the basis of self-assessment. More attention could then be paid to the remaining two-third of the dealers and also some more resources could be diverted to other activities such as survey and enforcement. Thus, the overall efficiency of the system would increase.

Many States have already adopted this. Even in Tamil Nadu, this system has been provided for in the statute for long. But the existing provisions have been made virtually inoperative. If the scheme is to serve any worthwhile purpose, it must be made applicable to all the registered dealers having a turnover of Rs and below, irrespective of the goods they deal in.

The small dealers should not, however, be completely left out of the purview of assessment. They have to be checked, at least on a sample basis. To do so, and to discourage attempts at evasion by small dealers, through instilling in their minds awareness of the possibility of check by assessing authorities, there should be a one per cent random sample check every year. For this, it is advisable that the Departmental Computer Centre, and until it is established, the Commissioner himself makes the selection and allocates the work of assessment to the respective district offices.

In respect of dealers covered by this scheme, the assessment should be done on the basis of returns submitted by them or their representatives. The representatives of the dealers will not normally be called to the office nor will they be required to produce their books of accounts.

. These dealers would be required to submit only the information relating to the gross turnover, the taxable turnover, the amount of tax paid, the details of goods sold against declaration, and the turnover of commodities exempted from tax under the various provisions of the Act. This information would be submitted through a summary return specially designed for the self-assessment scheme.

If after scrutiny of the return, the assessing authority comes to the conclusion that the return is not in order or finds that the information supplied is incomplete in some respects, he should in the first instance send a notice in writing. Only when there is no response to such a notice from the dealer concerned within the specified period of time, should he or his representative be called to the office of the assessing authority for a personal explanation.

The dealers falling under the self-assessment scheme will be liable to penalties prescribed in the law just as other dealers.

Tax Evasion and Enforcement Organisation

Evasion of tax is of two types, viz., tax evasion on unrecorded transactions and on recorded transactions. Suppression of sales is generally practised by under-reporting of output and purchases. To suppress the output, the dealer has to do the same with the inputs. But suppression of inputs (purchases) could be on account of under-reporting of imports or local purchases. In the

case of the latter, it is obvious that another dealer within the State is also not reporting his sales. This could be done through a variety of ways.

Evasion of recorded transactions is attempted through false claims of exemptions often made on account of purported sales (a) of exempted goods, (b) from registered dealers, and (c) to registered dealers in other States. Another method of evasion of tax is to record the first sale in the State (which is taxable) as the second sale. The tax is evaded by the first-seller with the help of the bills sold by such persons known as "bill-traders". Yet another method of evasion of tax is to under-value the sales turnover by under-invoicing. The other methods of evasion include avoidance of tax on the inter-State transactions under the guise of stock transfer and evasion of tax under the guise of work order.

The estimates of evasion of sales tax prepared by different Committees in the other States bring out the fact that the evasion on various commodities varies from a very meagre amount of 5 per cent to a very large proportion of 85 per cent, depending upon the nature of the commodity.

In Tamil Nadu too, the extent of evasion varies from one commodity to another. Empirical estimates of evasion of sales tax attempted by the Commercial Taxes Department, Tamil Nadu, for the year 1969-70 reveal that evasion was to the extent of 21 per cent in case of grams and pulses, 25 per cent in chillies, 53 per cent in oil and 81 per cent in tamarind.

The Study Team of the NIPFP conducted commodity flow surveys in regard to two commodities, selected in consultation with the Commissioner of Commercial Taxes. One of the commodities chosen for the survey was groundnuts including groundnut oil (representing agricultural produce) and the other commodity was automobile parts (representing industrial output). The results of the survey show, that the evasion was in the range of 40 to 50 per cent of the potential tax revenue.

In addition, we have attempted to estimate evasion of tax on the basis of the estimated potential. Whereas on an average the State has been able to capture 80 to 90 per cent of the potential tax base over the period 1974-75 to 1979-80, during the year 1977-78 the gap between the actual and the potential tax widened much farther; the shortfall in that year amounted to 24 per cent.

The administration of tax calls for an effective Enforcement Wing. In Tamil Nadu there exists an Enforcement Wing which was reorganised in its present form with effect from May 2, 1979. It consists of two Divisions, namely, Madurai Division and Madras Division. In addition, there is a Central Enforcement Wing, which has under it an independent Inter-State Investigation Cell.

The functions of the Enforcement Wing include shop inspection, test purchase, lorry check, and extract verification. The administration of the checkposts also falls under the purview of the Enforcement Wing.

Effective checking of evasion of the first-point tax requires efficient ways of monitoring the flow of goods into the State through the main arteries of the inter-State trade. Checkposts have been considered to be the means of keeping track of the movement of taxable goods into the State. As the Department found the checkposts to be useful in checking evasion of tax, their number was increased over time.

The checkposts are located either at the border of the State or in the vicinity of some important towns. The former could be termed border checkposts, and the latter internal checkposts. Presently, there are about 22 border checkposts.

The importance of the checkposts, however, lies in the fact that the documents received by these posts help the Department to monitor the flow of goods. This enables it to get valuable information to check the evasion of tax.

A comparison of the performances of the erstwhile Intelligence Wing and the existing Enforcement Wing reveals that the number of shop inspections conducted increased roughly by three times in the year 1979-80. The yield from the compounding fee also shot up. The number of cases in which offences were booked went up and the compounding fee showed an increase during the period. The extract verifications also showed good performance. Contrary to the increase in the number of verifications, per cent of verifications in which offences were compounded

declined. Finally, the revenue through the levy of tax on evaded turnover and penalty thereon has also shown an increase.

The total number of vehicles passing through the checkposts has declined due to the fall in the number of vehicles passing the internal checkposts. Notwithstanding this fall, the volume of detection of suppression of turnover as well as the collection of compounding fee through the checkposts has increased over the years.

Information relating to this activity of the Enforcement Wing for Madras Division for the year 1979-80, shows that the Enforcement Wing raised highest revenue from stainless steel when the number of cases were only four. Similarly, in hides and skins the number of cases were maximum but the revenue effect was not commensurate with the number of cases.

As regards modus operandi of evasion of tax, the data available from the Madras Division for the year 1980-81 show that the method of bill-trading was adopted in electricals and steel, stainless steel, chemicals, oil and oil products, pulses and grams. The data show that the maximum revenue could have been lost through oil and oil products for want of more vigour and application by the Enforcement Wing. The data available for Coimbatore alone for the year 1980-81 also reveal similar trends.

The Enforcement Wing has made a special effort to curb evasion through bill-trading. Some of the results of such efforts of the Madras Division during the

year 1979-80 show that bill-trading in groundnut trade, sago trade and electrical goods was of consequential revenue implications. Besides, consignment sale and stock transfers and a variety of cases under the guise of work order have also been detected.

Notwithstanding the efforts made by the erstwhile Inspection Wing as well as the existing Enforcement Wing, the evasion of tax continues unabated. It is of course a prerequisite that the Government is determined to check the evasion of tax and the officials chosen have a very high moral standard.

It is of paramount importance to understand that the structure of the tax, the administrative organisation and the operational procedures should be so interwoven that the traders have neither reason nor will to evade the tax. In case they do, the law should not permit them to go unpunished.

The registration of dealers being the cornerstone of the tax administration, it is essential for any reform to review the system of registration and to see that only genuine dealers are able to get a Registration Certificate. A dealer having a fairly large turnover, goodwill, and stability is certainly not able to work as a bill-trader. Hence, one of the attacks on the system of bill-trading would be to debar small dealers from getting themselves registered with the Department.

Normally, the registration procedure involves checking the bonafides of the dealers. In Tamil Nadu, this has not been properly done, resulting in fictitious dealers. It is recommended that a Special Circle on the lines followed by the West Bengal Sales Tax Administration, be created in the Enforcement Wing. The Registration Certificate would be issued to the dealer only on the recommendation of both the agencies, namely, the Assessing Authority and the Special Circle of the Enforcement Wing.

Another measure would be to ask the applicant to produce a Security Bond as well as two good references.

Evasion of tax takes place because a dealer is aware of the fact that once the goods cross the barriers of checkpoints, cross-verification of transactions is conspicuous by its absence. The Department should insist upon a quarterly statement of sales and purchase from each dealer having turnover above Rs 5 lakh. This should be put to the computer for cross-verification. Any discrepancy in these transactions could be immediately referred to the Enforcement Wing for prompt checking. This, coupled with reduction in a number of registered dealers, will root out the bill-traders from the scene.

It is strongly recommended that the information flowing from the checkpoints should be put to the computer for cross-verification and a summary of purchase and sales prepared by the Computer Centre should be sent both to the Assessing Authority of the Commercial Tax District in which the purchaser falls and to the region in which the purchasing as well as the selling dealer have their

establishment. An interaction of Assessing Authority and the work done by the Enforcement Wing would enable the Department to check evasion of tax both through non-reporting and through under-reporting.

The Enforcement Wing has normally gone in for compounding of the offences. There is no fear in the minds of the dealer about the existing provisions of penalty or prosecutions. This is mainly because the assessing authorities have become allergic to attempting prosecution, and also they do not possess sufficient knowledge either of law or of other administrative procedures to prepare a proper charge-sheet for a successful trial. It is, therefore, strongly recommended that the Enforcement Wing should have a Legal Cell. Whenever prosecution cases are taken up by the Enforcement Wing, they should be handed over to the Legal Cell for filing charge-sheets and conducting trials. Besides, instructions should be issued to the officers of the Enforcement Wing that grave offences, especially those that are suggested to be cognizable ones, should not be compounded.

An organisational problem concerning prosecution relates to police assistance required by the Wing. Normally, these persons do not take tax matters in the same spirit as the Enforcement Wing Staff normally do. Also, the police personnel are not properly trained to take up tax cases. It is, therefore, recommended that the Enforcement Wing should be reorganised to have a Police Cell to assist in their work. This Cell should be headed by an official of the rank of DIG. But, the work of the Wing should be under the control of the Commissioner of

Commercial Taxes. All the persons of the Police Department working under the DIG should be especially trained to take up tax matters before they are sent to the Enforcement Wing. In this regard the experience of the West Bengal Government is encouraging.

Although the checkpoints are required to play an important role, the manner of their working in the State leaves much to be desired. Besides, no facilities are available either for the officers working at the checkpoints or for their families. These facilities are crucial to the efficient working of the checkpoints. With the existing meagre facilities and the lack of needed manpower, the checkpoints cannot perform their jobs efficiently. Vehicles are checked only cursorily and documents are accepted without any verification.

The system does not work as expeditiously and smoothly as it is intended to. First, documents are not despatched promptly by the checkpoints. Secondly, it is not proper to burden the Enforcement Wing with the task of cross-verification of documents received from the checkpoints. Finally, at the time of assessment, documents received from the checkpoints are not used effectively for cross-checking the returns because they are too voluminous.

Internal checkpoints cannot be said to serve the purpose of monitoring the flow of goods into a State; they interfere with the flow of trade and traffic within a State and cause harassment to a large body of dealers, the majority of whom under the system of first-point levy are generally not liable to pay tax. On the other hand, the

larger the number of checkpost, the more is the waste arising from the stoppage of traffic. It has been estimated that the money value of the loss of time suffered by transporters due to the border checkpoints is Rs 4.11 crore and that due to internal checkpoints is Rs 11.14 crore. Besides, the existence of large number of checkpoints, particularly within the State, is a source of irritation to, and harassment of, the business community. It is also agreed that checkpoints are a source of corruption and it is, therefore, a sound policy to keep their number down to the barest minimum necessary.

We strongly recommend that all the internal checkpoints excepting a few that are near Madras, should be dismantled immediately. The Department should constitute Roving Squads equipped with wireless communication system. Also, the Department should establish 'Watch Units' along the major routes. These units would be equipped with wireless apparatus to keep track of major routes and to pass on advance information to mobile squads as well as "Watch Units". The establishment of these two types of units would more than substitute for the present internal checkpoints.

Information System

As in other organisations, in the taxation department too, data requirements increase commensurately with the expansion of the department. Their processing facilities grow in size and complexity. With a view to avoiding such a situation, there has been a recent advance in computer technology, known as Management Information System (MIS), which is designed to provide

management with an integrated, all-encompassing approach to the total organisation in order to facilitate the decision-making process.

The information needs of the Department thus relate to all its primary and secondary activities. In addition, the information should be transmitted as early as possible and should not be duplicated.