

Foreword

A study for the quantification of evasion of excise duty in respect of selected commodities was entrusted to the National Institute of Public Finance and Policy by the Central Board of Excise and Customs, Ministry of Finance, Government of India, in response to a suggestion made by the Estimates Committee (1978-79, 6th Lok Sabha). The commodities selected for this purpose were copper and copper alloys, plastics, cotton textile fabrics, domestic electrical appliances and wireless receiving sets including television sets. The present publication brings together the reports of the studies in respect of copper and copper alloys, plastics and cotton textile fabrics.

The economic significance of the three commodities studied is well-known. Copper and its alloys are a vital input for the generation and transmission of electricity and also for a wide range of industrial products, particularly capital goods. In contrast to this rather traditional item, plastics and their versatile applications are a relatively recent spin-off from the technological revolution in the petroleum and oil industry. Cotton textiles, on the other hand, constitute the most important consumer good industry from many angles. The contribution of these commodities to the exchequer in the form of excise revenue is also quite substantial. Any large-scale evasion of excise duties realisable from the commodities in question therefore cannot but be a matter for concern to the authorities.

While excise evasion is believed to be widespread in respect of all the three items mentioned, its extent remained a matter for conjecture. It was in this context that the present studies were commissioned by the Central Board of Excise and Customs.

Quantification of evasion of any tax is an unenviable task. The study teams of the Institute entrusted with the present studies have tried to do the best of a difficult job. While the conclusions reached by them are far from definitive, it is

hoped that the studies will have provided policy-makers and the tax enforcement officials with useful insights into the problem of tax evasion. The methodologies devised for the studies should be of wide interest. The authors will feel rewarded if their reports evoke some debate on the methodologies, if not on the findings of the studies as such.

We are grateful to the Central Board of Excise and Customs for permission to publish the reports.

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A. BAGCHI
Director