

CHAPTER - FIVE

CONCLUSIONS AND SUGGESTIONS

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5.1 Conclusions

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CONCLUSIONS :

We have discussed in detail in the earlier chapters the entire historical, theoretical and statutory provisions of the Central Excise Legislation of India. Central Excise is a major contributor in the Total Tax Revenue. We have seen that, in the scheme of taxation, the 'commodity Taxation', such as customs duties and Excise duties occupy major role. The Indirect Taxation in general and commodity taxation in particular has own effects on the economy. Such taxes affect the price structure and consequently Economic Development of the Country. The distributive effects are also significant. And therefore the framework of commodity taxation is expected to be framed in a conscious manner. The commodity Taxation affects the equilibrium position between Demand and Supply and makes impact on the resourceallocation. Such taxation affects the production. However, such taxes, provide a major revenue to the 'Government of India'. And it is always easier for the government to collect them. The volume of Indirect Taxation has gone high from Rs. 2330 crores in 1970-71 to Rs. 59370 crores in 1992-93. Among the Indirect Taxes, the significant contributions comes from Union Excise Duties which is

Rs. 32211 crores in 1992-93. We have seen that there is also decline as a percentage of Union Excise Duties to the Total Tax Revenue. It was 31% in the year 1970-71, 26.9% in 1980-81 and 24.3% in 1992-93. Though in absolute terms the contribution from Union Excise revenue to the Total Tax Revenue has increased.

The brief statutory provisions relating to Central Excise has been discussed in earlier chapters and evaluation of Indirect Taxes has been made. The role of Finance Commission has been also discussed along with the allocations.

The brief discussion of Union Budget from 1990-91 to 1994-95 relating to changes in Union Excise duties has also been made. Some important observation made by Radhakrishna N. Nayak on the Union Budget for 1994-95 has also been discussed. The reforms suggested by Raja Chelliah Committee and Rekhi Committee has also been discussed. The Tax Administration and the provisions relating to Central Excise Tariff Act, 1985 has been also discussed with reference to selected products, such as sugar and sugar confectionery, Tobacco and Manufactured Tobacco substitutes and cotton. The important rules regarding to the above selected products under central Excise Rules, 1944 has also been explained.

SUGGESTIONS :

From the above discussion, the following solutions have been suggested, ---

- 1) There is a need to simplify further Central Excise Legislation.
- 2) There are global changes in Central Excise Tariff and we should take notice of such changes.
- 3) Indirect Tax contributions occupies major place in our Total Tax Revenue affects the vast majority of our population.
- 4) There is need to improve the Tax Administration.

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