

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4023
ANSWERED ON:18.08.2000
SURVEY BY NIPFP
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (a) whether the National Institute of Public Finance and Policy (NIPFP) conducts studies on the phase out pattern of Central Sales Tax (CST);
- (b) if so, whether NIPFP has highlighted the dangers in delay of the phase out programme of CST;
- (c) the full details of the dangers highlighted by NIPFP;
- (d) whether the Government have studied these suggestions; and
- (e) if so, the steps proposed in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (V.DHANANJAYA KUMAR)

- (a),(b) & (c): The Union Government entrusted a study on inter-State sales Taxation in India to NIPFP. The NIPFP in its report has highlighted the fact that high rate of CST acts as an obstacle to the formulation of a common market. It has cascading effect, violates inter jurisdictional equity and distorts resource allocation.
- (d) & (e): An Empowered Committee of Finance Ministers of 9 States has been constituted by the Union Government to monitor reforms in the Central Sales Tax System. This Committee has asked a Committee of Finance Secretaries of all the States to examine the recommendations made by NIPFP in its report on ` Reform of Inter-State sales Taxation in India ` and advise the Empowered Committee.