GST: Understanding 'From Where' and 'For Whom'

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Abstract:

The history of taxes in India dates back to *Kautilya's Arthshastra*, where there is a mention of tax levied on goods passing through the gates of a Superintendent. It talked about fixed taxes (*pindkara*), taxes for religious purposes (*bali*), taxes on exports (*bahyam*) etc. The story of taxes continued even when the ruling dynasties kept changing. The traces can be found under various rulers of Gupta dynasty, Mauryan dynasty and Mughal rulers. *Jizya*, a tax on Hindu subjects, was abolished by Akbar but Aurungzeb levied it again. A formal breakthrough for the system came with advent of British rule. After independence, the government, for protecting the domestic industries, levied high amounts of excise and import duty. Gradually, high tax rates on goods phased out and Value Added Tax (VAT) came in. When the service sector starting growing, service tax was introduced. The system of taxation has evolved manifolds; various improvements have been made but still the country doesn't come across as an 'investment hub' due to cumbersome system of taxes. The inefficiencies and delays in filing the tax returns and numerous pending litigations have not made the system investor friendly. The government still faces the problem of tax evasion. There is a disparity in inter-state demand due to differences in VAT rates. These factors indicate that system needs to be renewed again. Therefore, this paper

talks about how, the much awaited and much needed, Goods and Service Tax, will bring stupendous returns for all the major stakeholders in the country.

Key Words:

Cascading effect of tax, input tax credit, regressive tax, progressive tax

Objective:

A much awaited tax reform, finally expected to roll out the next year has kept the policy makers on their toes. Rightly called the mother of all other reforms, it is going to have massive implications for the country. The paper 'GST: Understanding 'From Where' and 'For Whom' seeks to understand the following dimensions of GST:

- To study the history of indirect taxes in India dating back to pre-Independence era.
- To understand the impact of the reform of major stakeholders- Government, Customers, Business (Domestic and Foreign)

Methodology:

This paper is based on secondary data. Data is collected from different sources like Economic survey, WTO, ET newspaper, Ministry of Finance, Reserve Bank of India's official website etc. Analysis of data is based on our understanding of the subject matter.

Introduction:

The word tax comes from Latin word '*taxare*' which means 'to estimate'. "A tax is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority and is any contribution imposed by government whether under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply, or another name."[1]

The Article 366 of the Indian Constitution deals with taxation system. The Constitution has given taxation rights to the Central Government, State Government and Local Governments with separate jurisdictions. Taxes are broadly classified into two broad categories: Direct taxes and Indirect taxes governed by Central board of Direct Taxes (CBDT) and Central Board of Excise and Customs (CBEC) respectively. The taxes whose liability to pay and the burden lies on the same person are direct taxes. The taxes whose liability to pay and the burden does not lie on the same person are indirect taxes. The collection of direct taxes has always been less than desired. Therefore, indirect taxes, forming a substantial part of the revenue, have always attracted due attention from the government.

Literature Review:

The Clause 12A of Article 366 (as per the 122nd Constitutional Amendment Bill) of Indian Constitution has defined Goods and Service Tax as "any tax on supply of goods or services or both except taxes on supply of the alcoholic liquor for human consumption."[2] According to the

[1] Black's Law Dictionary, Thomson West (Digital version)

[2] The Constitution (One Hundred and Twenty Second) Amendment Bill 2014, http://www.**prsindia**.org

bill, services are also defined as something which is not goods. GST will subsume central taxes like

- Central Excise duty
- Duties of Excise (Medicinal and Toilet Preparations)
- Additional Duties of Excise (Goods of Special Importance)
- Additional Duties of Excise (Textiles and Textile Products)
- Additional Duties of Customs (commonly known as CVD)
- Special Additional Duty of Customs (SAD)
- Service Tax
- Cesses and surcharges insofar as far as they relate to supply of goods or services

The State taxes that would be subsumed within the GST are:

- State VAT
- Central Sales Tax
- Purchase Tax
- Luxury Tax
- Entry Tax (All forms)
- Entertainment Tax (except those levied by the local bodies)
- Taxes on advertisements
- Taxes on lotteries, betting and gambling
- State cesses and surcharges insofar as far as they relate to supply of goods or services.

Indirect taxes are used with caution in all the nations because of its regressive nature. A regressive tax is the one which puts the same monetary burden on poor and rich as against progressive taxes which have more effect on rich than poor. For example, if a person named 'A' with an income of Rs.1,000 and 'B' with an income of Rs. 10,000 go to market and buy a packet of salt. Both of them will pay the same amount, making it relatively burdensome for the one with lower income. Therefore, the basic premise of indirect taxes, if levied at very high rates, may cause a lot of resentment amongst the poor population.

According to a simple economic principle of downward sloping demand curve and upward sloping supply curve, the price of any commodity is determined by the strength of these two forces, *ceteris peribus*. If a higher tax is imposed on manufacturing, the supply of the product will shift to left, leading to an increase in the price and consequently, lowering down the quantity demanded. This simple idea makes government impose more taxes on socially undesirable goods like alcohol, cigarettes etc. Similarly, the necessities like salt, sugar etc. are taxed at lower rate, reducing the cost of production leading to an increase in the supply, thus reducing the price for the final consumer.

History of GST in India:

The Central Government had formed a Task Force on the implementation of Fiscal Responsibility and Budget Management Act (Chairman: Vijay Kelkar) in February 2003 to look into the inefficiencies of the system. The report submitted on July 16, 2004 strongly

recommended the adoption of GST for the indirect taxation in India.[3] The report established that the present system wasn't efficient. The tax GDP ratio in the country was very low. It also said that service tax and CENVAT could be subsumed into single tax Central GST(CGST). The provisions for the new tax regime were also designed.

During the budget speech of 2005-06, the Finance Minister Chidambaram said, "It is my sense that there is a large consensus that the country should move towards a national level GST that should be shared between the Centre and the States. I propose that we set April 1, 2010 as the date for introducing GST. The world over, goods and services attract the same rate of tax. That is the foundation of a GST."[4] He reiterated the same idea in the budget speech of 2007-08.

The Enforcement Committee (EC) (which came into existence in 2000 to oversee the implementation of VAT) released A First Discussion Paper (FDP) on its interaction with the important stakeholders in 2009. The FDP talked about the structure and model of GST. The paper emphasised again, the need to shift to the new system. EC had recommended the setting up of a Working Group. The Working Group established, worked with the representatives of Chamber of Commerce and Industry and established a report which was not made public till 2009. It stated the structure of 'dual GST' in India. Dual GST would imply that the Central government and the State government will both levy taxes simultaneously. Some speculations about dual GST can be put to rest by the argument that

[3] http://www.caaa.in/Image/23ugsthb.pdf

[4] http://indiabudget.nic.in/ub2006-07/bs/speecha.html

India is federal nation where the governments at the central and state level have separate jurisdictions. Both of them need sources to fund their revenues.

Mr.Sukumar Mukhopadhyay, former member of the Central Board of Excise and Customs (CBEC) had also said that system of dual GST was best for a country like India. The states had issues with the present system because they feared the loss of revenue. They were not in favour of loss of autonomy for fixing state taxes. Finally, in September 2009, the majority of states agreed in lieu of compensation from the Central government for five-years.

The government never wanted the 'GST hype' to fade away and it was taken care of by the new Finance Minister, Pranab Mukherjee. On July 6, 2009, he re-emphasizing the fact that GST will come into action from April,2010.

Asim Dasgupta, Chairman of EC, in December 2009 announced that GST should be launched in four slabs. On the other hand, C. Rangarajan (the PM"s Economic Advisory Council Chairman) was of the opposite view that there should be single rate for GST. However, the government couldn't implement it by the original deadline.

The 112nd Constitutional Amendment Bill (CAB) for GST was tabled in the Parliament in August; 2010.It could not be passed then and lapsed in 2014 with the dissolution of the Lok Sabha.

Finally, it was tabled again by the NDA with necessary changes to build the consensus. It has been ratified by the state governments and GST Council is on its way.

The Working:

Keeping in mind the federal structure of India, there will be two components of GST- CGST (Central GST) and SGST (State GST). Both the centre and the state will simultaneously levy GST across the value chain of producing goods and providing services. The centre would levy and collect CGST and the state would levy and collect SGST on all transactions within the state. The input credit for CGST would be available for discharging CGST liability on the output at each stage. Similarly, the credit of SGST paid on input would be allowed for SGST on output. No cross utilisation of credit would be permitted. However, input tax credit can be cross utilised for services and goods. The taxes will be levied on the transactions simultaneously except the goods and services which are exempted and are outside the purview of this tax. For now, the goods outside the purview are alcohol for consumption and petroleum products. Both CGST and SGST would be levied on the same price or value unlike state VAT which is levied on value of goods inclusive of central excise. The Central government will compensate the State for any loss of revenue under the proposed regime for five years.

In case of interstate transactions, the centre would levy and collect the Integrated GST (IGST) on all the interstate supplies of goods and services under the Article 269(1) of the Constitution. IGST would roughly be equal to the sum of CGST and SGST. The inter-state seller would pay IGST on the sale of his goods to the Central Government after adjusting the

credit of IGST, CGST and SGST on his purchase. In case of imported goods, both centre and state (where the good is being consumed) would levy tax.

For implementation of GST in the country, the central and state government have jointly registered Goods and Service Tax Network (GSTN) as a not-for-profit, non-government company to provide shared IT infrastructure and services to the Central and State governments, taxpayers and other stakeholders. There would be no manual filing of the returns. All the taxes can be paid online. All the mismatched returns would be auto generated and there would be no need for manual interventions. Most returns will be self-assessed.

Key Findings:

History of Indirect Taxes in India:

India has a very long history of indirect taxes. The earliest traces of sales tax can be found in *Shastras* and *Manusmriti*. A reference to commodity tax can be dated back to *Kautilya's Arthashatra* where it is said "The commodity passing the gate of the Superintendent of tolls were subject to tax as fixed by the collectors. The merchants who passed beyond the toll-house without paying the tax were fined eight times the amount of toll due for them." (Ahuja, 2004)

An excise duty on commodities like liquor was imposed by *Mauryans*. *Mughals*, *Marathas* and British used to levy tax on salt considering it a monopoly article.

The era of British East India Company formalised the taxation regime of the country. The taxation system of British reflected the agricultural setup of the country. The exports comprised of jute and tea in which India was enjoying monopoly. The imports comprised of the goods manufactured in Britain. Import duties were levied on such imports. There were two major laws enacted for the same, Sea Customs Act, 1878 and Tariff Act, 1934.

The concept of excise duty in India dates back to 1894. The first excise duty was levied on cotton yarn at the rate of five percent for yarn of more than twenty counts (threads per-inch). An excise of six *annas* was imposed on motor spirit per imperial gallon (4.5 litres approximately). The year 1934 is supposed to be a landmark year for excise duties when sugar, steel ingots, matches etc. all came under its purview. By the end of 1944, a lot of products were charged with excise duty to finance the ever increasing war expenditure. A final consolidation of various acts took place with the Central Excise & Salt Act and Central Excise Rules, 1944.

British Indian Provinces had different budget systems and revenue patterns. Land revenue was the major source of income with some regional differences. Like, Province of Bombay levied tax on tobacco and Central Province did it for lubricants.

India gained independence from the British rule in 1947 and in 1950 the Constitution was adopted. The Article 246 (under the Seventh Schedule) of the Indian Constitution deals with division of taxation authority between the Centre and the State. According to this article, the Centre and the State have separate autonomy on different types of taxes. The rationale behind

it is that taxes on production, with some exceptions are levied by the Centre and taxes on sales by the State government.

Now, the era of planned economy began. Indian economists and policy makers paid a lot of attention to the fiscal policy of the country, taxation and expenditure being the major part of it. The literature available shows a lot of weight given to the taxation policy in reconstruction of Indian economy. The objectives of the policy beginning from 1947 was to reduce the income inequalities, reduce the pressure on Balance of Payment (BoP) with the help of import duties and stabilising the prices by the taxation.

The first attempt in this direction was taken up by setting up the Taxation Enquiry Commission (TEC)-1953-54 (Chairman: John Mathai). The review of the committee was conducted by Prof. Nicholas Koldar on the request of the government. According to him, the present system was 'inefficient and inequitable". He found that while the buoyancy co-efficients were greater than unity for both direct and indirect taxes, indirect taxes had a much higher buoyancy co-efficient than direct taxes.

In 1970s, the five year plans were mainly focused on poverty alleviation and reduction of income inequality. The indirect taxes on luxury items were increased. A lot of research at that time studied the impact of taxes on inflationary pressure. Some of the researchers were also stressing the need for alternative type of taxes. It was concluded that indirect taxes can also have progressive effect in measured as percentage of expenditure (Chelliah & Lall,

1973-74). The effect of central indirect taxes was more progressive than the state ones. This was the first time Value Added Tax (VAT) was talked as a good alternative for the central excise tax depending on the number of products it could be imposed on and the rates. (Lakdawala, 1976).

The following decade brought economic turmoil for the country. The government was facing high levels of fiscal deficit. To attract foreign investment, tax concessions were proposed for NRIs. There was an increase in custom duties on imports to increase revenue and protect the domestic industry. To review the present Central Excise Tariff, a Technical Study Group was appointed by Government of India (GoI) in 1985. It was proposed to implement modified VAT (MODVAT) in a phased manner and the objective was to simplify the process and reduce the cascading effect of taxes. It was speculated that the present system could cause tax-pushed- inflation. The government had taken loans from IMF, creating a need to increase taxes.

A major economic breakthrough came in 1991 when the policies took a 360 degree turn. A tax reform committee was set up under the chairmanship of R.J. Chelliah. The government wanted to achieve the objective of tax rationalisation. Considering it a bias towards commodities, service tax was also introduced in 1994-95. Initially, it was on three services- non-life insurance, stock brokerage and telecommunication. An Expert Group on Taxation of Services recommended the extension of taxes to all the services along with input tax credit. A Task Force on Direct Taxes and Indirect Taxes was formed in 2002 under the guidance of Vijay Kelkar. It’s main aim to reduce the list of exemptions and widen the tax base. It was

established that in short term, the country has to focus on widening the tax base and to achieve long term objectives, there has to be a gradual shift towards VAT.

Fiscal Responsibility and Budget Management Act (FRBM) was introduced in 2003 to meet government's fiscal targets. It was recommended the VAT could have dual structure where tax on manufacturing could be levied by the Central government and a destination-based consumption-type VAT, retail stage VAT, on be levied by the state government. (Chelliah. & K.V.Rao, 2002). According to (Rajaraman, 2004), the tax pattern could be simplified using VAT but that would not add to revenue of the government

The discussions about an alternative tax regime had already started. Finally, in the budget speech of 2005-06, Chidambaram, then finance minister, announced that a comprehensive tax system called Goods and Service Tax would be implemented by April 2010.

Implications on various Stakeholders:

Business in any country is affected by the prevailing business environment of that country and some other countries. A sound business environment is very necessary for the success of business. Sound business environment means good coordination among major factors that affect the business like demographics, economic condition etc. Today is the era of globalisation where nothing is stable. The world has become a global village. If any major change happens in any country, it affects others also.

For a developing country like India, the government has always worked in fiscal deficit. Tax evasion, narrow tax base, inefficient tax collection system, cumbersome revenue collection procedure etc. has all been the major concern for the government machinery. Since the burden of taxes, particularly indirect taxes, has to be borne by the customer only, it is very important to have transparency in the system. The widespread resistance related to any such change can be controlled by understanding the implications of the same. GST, being a pan-India, is going to affect every citizen of the country in one way or the other.

Business:

- Reduce the cost of doing business:

  Taxation is a leakage in the economic cycle which directly affects the business. GST simplifies the procedure of taxes in India. Earlier, the cost of doing business was very high due to lethargic and archaic rules and regulations. Now, it will become substantially low. For India, The Ease of Doing Business ranking is 130 out of 189 countries and Global Competitiveness Index ranking is 39 out of 138 countries, thus, implying that there is wide scope for improvement[5]. Statistical analysis (Table 1) representing indicators for starting business in India indicate it needs to improve a lot. GST will surely provide this ease to the domestic and foreign producers.

[5] http://epaper.indianexpress.com/954971/Indian-Express/October-2,-2016#page/16/2

- Reduce the cost of production:

  GST simplifies the procedure of paying taxes in India, reducing the operating cost of companies. Smooth flow of goods and services across the country will reduce the cost of inventory which ultimately reduces the cost of production. In India, trucks travel 280 km a day as compared with 800 km in the US.[6] The need of keeping a tax expert or an extra employee for fulfilling the formalities of tax procedure will no longer be required. GST will replace seventeen indirect taxes, thus, the compliance cost will fall. All these costs put together substantially reduces the production cost.

- Encourage private investment:

  GST has brought a very sound holistic investor friendly environment in India. Investors were waiting for this moment because:

  - In India, the final consumption expenditure as percentage of total GDP is 70.4%.[7]
  - India is the fastest major growing economy in the world as estimated by various world agencies (Table 2). So, the scope of business growing in India is really high.
  - Huge demand due to huge population of 1.28 billion people. India's MPC (Marginal Propensity to Consume) is very high. India happens to have the world's

[6] The Economic Times, August 3,2016, Page-15

[7] The Economic Times, September 2015.

largest youth population. Around 28% of India's population is between the 10 to 14 years of age.[8]

- Competition among the Indian states is increasing. Like World Bank's ease of doing business ranking, DIPP (Department of Industrial Policy and Promotion) in India allots ranks to states on 98 parameters.
- Labour force participation rate in India is 359 people per 1000. There is a huge supply of labour in labour market leading to low wage rates in the country.

To exploit such a huge opportunity private investor will come to India and foreign investment in India will increase.

- Improvement in India's share of manufacturing in GDP:

  The current trends of India's share in manufacturing are not satisfactory (Table 3). Due to GST, the producer will get input tax credit and this will lead to reduction in cost of production, leading to more inflow of manufactured goods.

- Enhancing the exports:

  GST will also play an important role in enhancing India's share in global export of manufactured goods. The reduction in cost due to input tax credit will increase the global demand for Indian products, hence, increasing India's share in global export of manufactured goods. The present share of India in global exports is not even close to the share of China (Table 4).

[8] www.articles.economictimes.indiatimes.com/2014-11-18

For the Central and the State Government

- Reduction of tax evasion:

The government in India has always faced the problem of tax evasion, be it direct or indirect tax. Tax collections have never been able to meet the target. Timely and better collection of taxes can solve the problem of fiscal deficit. The revenue can be used for various purposes like building infrastructure, generating jobs etc. The past years' data of tax collection do not show a very encouraging picture (Table 5). GST will certainly help to improve the same with the help of modern IT network. The tax department will register the persons who is liable to pay taxes but hasn't registered on suo-moto basis, thus, increasing the taxpayer base and amount of tax collections.

- Growth of GDP:

According to the National Council for Applied Economic Research, the GDP is expected to grow at one percent on sustainable basis after the implementation of GST[9] The proper implementation of GST will help in better allocation of resources which in turn will give rise to boost to manufacturing along with the contribution from small manufacturing units. This increases the domestic production and more opportunities for exports. According to the estimates of Morgan Stanley, this will

[9] (Ranade, The Age of GST dawns, 2016)

give a sustained growth to GDP.[10] HSBC also estimates the economy to grow at rate of 80 basis points for the next 3-5 years.[11]

- Boost to 'Make in India':

  The GST will contribute to India's mission of 'Make in India'. Business houses will experience reduction of inventory costs which in turn gives them confidence to produce more in India. It will attract a lot of FDI for the country. India still attracts half the FDI as much as China. The change will give the firms ease of paying taxes, added cost incentive along with low cost resources, thus, making the dream of 'Make in India' a reality. (Table 6)

- Pan- India growth:

  There exists a lot of interstate disparity on contribution to country's GDP. The variation of inter-state VAT attracts the investment to some states and others states are left behind in the process of development (Table 7).Therefore, a uniform tax structure will prevent some manufacturing states like Gujarat and Maharashtra reaping the benefit of natural resources. The corporate sector would not favour a particular location due to the tax structure. Moreover, the small manufacturers will be

[10] http://www.business-standard.com/article/economy-policy/gst-bill-who-will-it-benefit-the-most-116080100301_1.html

[11] http://economictimes.indiatimes.com/news/economy/policy/the-advantages-of-gst-take-a-look-at-benefits/articleshow/53514291.cms

given protection with different slab rates. This will help in spreading production spree pan-India.

- Lesser Leakages:

  The present system has multiple points of taxation along with complexity of multiple jurisdiction. It increases the probability of leakages from the system. The present data on number of litigations pending amount to 1.5 lakh crores for Central Excise and Service Tax. These cases stay there in the court of law for number of years and sometimes there is no recovery at all.

  With GST, the unnecessary delays caused by paperwork would not be there making the system more efficient and easy to handle for the government.

<u>For the Customers</u>

- Lower tax burden on goods:

  A consumer who is paying multiple taxes right now at the rate of around 25-30% can enjoy the benefit of lower tax rate on goods. This will give boost to demand too. The customer had to face the cascading effect of taxes. It implies that the final consumer was bearing the burden of tax being paid by the producer at every stage. However, now the scenario will be different because producer will be able to get input tax credit, passing on the benefit of lower cost to the consumer.

- Facilitates buying process:

  It will help facilitating the customer in his buying process. Presently, different states levy different amount of VAT on different products (Table 8). Due to this reason, some goods are expensive in one state as compared to the other one. This leads to higher demand in a state where it is relatively cheaper, giving rise to difference in demand and supply pattern of goods. However, GST will bring uniformity in tax rates across states thus facilitating the customer to buy anything from anywhere in India.

- Reduced chances of double taxation:

  The chances of double taxation will be minimal under this regime. It will encourage transparency to the customer. All supplies being given input tax credit, use of an efficient IT system and provision of no taxes over and above the standard rate will benefit the consumer. Presently, the state charges VAT on amount of the good and central excise, which is burdensome for the customer. India is not only the fastest growing economy but also the fastest consuming economy. This regime will save the customer from any tax related hassle, giving a boost to his buying behaviour.

Implications of the study:

With the help of our research, we could conclude that the system of taxation, precisely indirect taxes, is not new to India. The citizens have been paying these taxes

since time immemorial. Various rulers, various dynasties have come and gone. Different tax structures have existed. However, the basic idea has stayed all through. We have found out that India has gone through a very gradual process of putting up changes in tax regime. The government had imposed taxes to protect domestic industries by heavy import duties. When the country needed to be made competitive in the world market, tax structure was reorganised. When the share of service sector began to increase in national income, service tax has been levied too. Now, comes the time when the country is ready to bid farewell to multiple taxes and establishing single tax regime in form of GST.

It could be inferred that taxes are very important for the fiscal and monetary policies of the economy. Taxes, particularly indirect taxes, have to be paid by all stakeholders in the economy. It just gives an incentive to taxpayer if the system facilitates easy compliance. GST will subsume multiple level taxes. It will also reduce the rate of taxes being paid right now which is around 25%-30%. This will help to reduce the cost of production. It will encourage the investors and manufacturers in India. The customers in turn will benefit from reduced prices for goods. The customer will be able to monitor the system as it assures transparency too. When tax payment is made easy by the system, the tax payers tend not to evade taxes. The government in turn will benefit from the increased tax revenue, thus improving the tax to GDP ratio. GST will also give an impetus to GDP growth rate of India on sustainable basis. With India's already existing demographic advantage and the expected cost advantage, it will surely put India look brighter on the world map.

ANNEXURES:

Table 1: Parameters to measure the Ease of Doing Business

Indicators	State in India	South Asia	OECD
Procedure to be Followed	13	8	5
Time required (in days)	30	16	9.2
Cost (% of income per capita)	16.3	14.6	3.4

Source: (GST in India, Volume 1,Institute of Cost Accountants in India)

Table 2: India's GDP Predictions by different organisations

Organisation	2015	2016
World Bank	7.50	7.90
Asian Development Bank	7.40	7.80
IMF	7.50	7.50
Moody's	7.00	7.50

Table 3: Share of Manufacturing in GDP of developing economies.

Manufacturing value added as percentage of GDP

Country	% Share of Manufacturing in GDP
India	17.4
China	30.2
South Korea	30.29
Malaysia	22.90
Thailand	27.72

Source: http://economictimes.indiatimes.com/news/economy/policy/et-explains-why-is-the-make-in-india-drive-needed/articleshow/51002832.cms

Table 4: Share in global export of manufactured goods

Name of the country	Share in global export of manufactured Goods
India	2

France	4.8
China	14.5
Japan	6
Germany	11.4

Source: http://economictimes.indiatimes.com/news/economy/policy/et-explains-why-is-the-make-in-india-drive-needed/articleshow/51002832.cms

Table 5: Tax to GDP Ratio (from 1950s to 2016)

Tax	1950-51	1960-61	1970-71	1980-81	1990-91	2000-01	2005-06	2010-11	2013-14	2014-15	2015-16 (BE)[12]
Direct Tax to GDP Ratio	2.22	2.24	2.12	2.18	2.09	3.31	4.54	5.78	5.97	5.6	5.47
Indirect Tax to GDP Ratio	3.81	4.86	7.04	9.22	11.0	9.23	9.98	9.35	10.5	4.4	4.83

[12] BE= Budgeted Expenditure

Total Tax to GDP Ratio	6.03	7.10	9.16	11.4	13.1	12.5	15.5	15.1	16.4	10.0	10.3

Source: Public Finance Statistics 2013-14[13] and Economic Survey (2015-16)

Table 6: Top five developing economies in terms of FDI inflow as per World Investment report 2016

Name of countries	2011	2012	2013	2014
China	31.50	31.01	30	-
Singapore	20.26	20.38	18.78	18.40
Brazil	13.87	12.58	12.31	11.67
India	18	17.7	17.08	17.05
Mexico	17.07	17.89	17.57	17.67

Source: http://globaledge.msu.edu/countries/china/economy

http://globaledge.msu.edu/countries/singapore/economy

http://globaledge.msu.edu/countries/brazil/economy

http://globaledge.msu.edu/countries/india/economy

http://globaledge.msu.edu/countries/mexico/economy

[13] http://finmin.nic.in/reports/IPFStat201314.pdf

Table 7: State-wise contribution to national GDP

Ranking	State/UT	GDP in 2014-15(in crore rupees)
1	Maharashtra	₹16.8 lakh crore
2	Tamil Nadu	₹9.76 lakh crore
3	Uttar Pradesh	₹9.76 lakh crore
4	West Bengal	₹8.00 lakh crore
5	Gujarat	₹7.65 lakh crore

Source: (Planning Commision, 2014)

Table 8: State wise VAT on fuel

States (in alphabetical order)	Petrol Price(Rs/Lts.)	Diesel Price(Rs/Lts.)
Assam	61.13	45.07
Haryana(Gurgaon)	62.79	45.02
Maharashtra	66.24	49.54
Manipur	57.86	42.74
New Delhi	61.20	44.45
Punjab	67.28	44.90
Tamil Nadu	61.49	45.58
Uttar Pradesh(Lucknow)	68.67	50.09
West Bengal	66.10	48.16

Source: http://news24online.com/[14]

[14] http://news24online.com/statewise-petrol-and-diesel-prices-in-india-aug-2015-it-only-costs-52-26-a-litre-in-andaman-nicobar-whereas-delhi-pays-61-20-63/

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