

THE ROLE OF REVENUE GROWTH IN THE MOBILIZATION OF INDIAN ECONOMY

Atul Verma¹

Dr. Bharat Bhushan²

¹ *Research Scholar, Faculty of Commerce and Management, NIILM University, Kaithal*

¹ *Associate Professor, Faculty of Commerce and Management, NIILM University, Kaithal*

Abstract

The fundamental goal of any nation is in general development, to accomplish this target, a thousand of rupees expected to advance and that cash can get the legislature just by the Taxes. The administration of any nation expects money to concentrate on its welfare and formative exercises. Tax revenue for the administration is just a noteworthy hotspot for this work. In this manner, the advancement of a nation relies upon its expense accumulation. The primary reason for this letter is to examine charge tax in India and furthermore recommend a few measures to expand it. The data has been collected from secondary sources i.e. central budget and economic survey, finance ministry etc. The researcher has utilized average, percentages and also calculates tax boom. Analysts presumed that Tax revenue have expanded however there are still a few imperfections that should be remedied.

Key Words: Revenue, Tax, Growth, Indian Economy, Mobilization

1. INTRODUCTION:

Like blood is necessary for a person to live, just like any country it is necessary to have a good collection of revenue for sustainable growth. The only way to ensure sustainable economic development is through taxation. Assessment frameworks are essential for any nation to raise the reserve for the government every day working. Absence of adequate income frequently results in expansive spending deficiencies. It is not possible for every country to meet the possible outcome with the same taxation structure. For this purpose, the best system for any country should be calculated on the basis of its economic structure, its capacity to administer taxes, its public service needs, and many other factors. There are additionally thinks about planning to evaluate the impacts of public finance, for example, in open budgetary administration or income specialists, adopting a contextual analysis strategy.

Issues inactivation of assets incorporates each one of those issues and issues underlined in preparation of characteristic assets, HR and money related assets. Low-pay nations facing pervasive destitution thusly preparing local assets is especially testing, which have driven creating nations to depend on remote guide, outside direct speculation, send out income and other outer assets. In any case, there are convincing motivations to give significantly more accentuation to DRM. More noteworthy dependence on

DRM is essential to raise financial development, diminish destitution and supporting continuous improvement. High-development economies regularly spare 20-30 per cent or a greater amount of their pay so as to fund open and private speculation.

Monetary development in India has commonly ineffective to keep up harmony between the development of profitability and occupation. During the initial thirty years subsequent to setting out on the arranged financial advancement, the economy developed at a nearly low rate averaging about 3.5 per cent per annum. The issue essentially lay in the low rate of development; just a higher rate of development of GDP could have managed reasonably high increment both in profitability and business. Monetary development has been expanded after 1980, and 1990 period. However, it has been considered by the other sort of imbalance. Its majority has been gotten from the increment in profitability and just a little from the increment in business. During the 1980s, of the 5.5 per cent yearly development in GDP, 2 per cent was represented by the development of business and 3.5 per cent by the development of efficiency. In the 1990s, the 6 per cent development accomplished, a commitment of work was just 1.8 per cent with that of profitability ascending to 4.2 per cent. At the point when the national pay heightens, consummately it should result in being developed (subjective component, for example, wellbeing, instruction, and work).

2. REVIEW OF LITERATURE

Different investigations have been made covering various parts of Tax structure which incorporates individual Income Tax, capital gain tax, the proficiency of income tax organization and so on.

Piyush Kumar (2016) this examination concentrated on evaluating the responsiveness of individual income tax because of an adjustment in disparity in the conveyance of pay. He presumed that an expansion in expense disparity in the appropriation of salary among the citizens expands the yield of individual Income tax in India.

Deepak Bhaghel (2016) in his paper endeavoured to think about the job of current data innovation in assessment organization. He looked at the use of data innovation in India with different nations like Canada, United States, Singapore, New Zealand, Spain, and Mexico. The investigation featured that the utilization of computer in expense organization was practically all-inclusive. The investigation inferred that cutting edge data innovation could be completely used by presenting authoritative change, preparing to HR, institutionalization and strong lawful structure.

IMF, (2003), outside stuns alludes to 'an unexpected occasion outside the ability to control of the specialists that has a huge negative effect on the economy'.

Rodrik, D (1998) Experimental investigations covering the effect of stuns on open income in creating nations are rare. The most ordinarily utilized measure for outer stuns is changes in the terms of exchange. For what reason accomplish increasingly open economies have greater governments.

3. NEED OF THE STUDY

Tax collection structure merits due consideration in a creating economy as it is a standout amongst the most significant elements of the administration's to gather the income for practical improvement. Expense changes should, if all else fails, be endeavored to achieve long haul rather than transient goals. Assessment structures should not conventionally be changed on a short reason to meet anticipated current year difficulties. Continuous assessment increase prerequisite and consistency costs and may fabricate viability costs, especially where associations settle on age and region decisions dependent on a particular duty structure.

4. OBJECTIVES OF THE STUDY

1. To Study the Growth of Revenue of Government
2. To make a suggestion for the improvement of tax collection

5. RESEARCH METHODOLOGY

For the purpose of the study, data has been collected from secondary sources which include the various Finance Acts, Income Tax Act 1961, Reports of CAG of India on Direct Taxes, websites of Income Tax Department, Ministry of Finance, pertains to the period from 2008-to 2018. The analysis of data collected has been examined by using some statistical tools such as percentages, averages, simple growth rate, and compound annual growth rate (CAGR).

6. ANALYSIS AND INTERPRETATION

The analysis and interpretation of the study has been done through the analysis of the tax structure of India from the year 2008 to 2018 and the analysis of the direct tax revenue through tax buoyancy.

Table 1:

Direct and Indirect Tax Collection (Amount in Crores)

Financial Year	Direct Taxes	Indirect Taxes	Total Taxes	Direct Tax As % of Total Taxes
2008-09	333818	269433	603251	55.34%
2009-10	378063	243939	622002	60.78%
2010-11	445995	343716	789711	56.48%
2011-12	493987	390953	884940	55.82%
2012-13	558989	472915	1031904	54.17%
2013-14	638596	495347	1133943	56.32%
2014-15	695792	543215	1239007	56.16%
2015-16	742295	711885	1454180	51.05%

2016-17	849713	861515	1711228	49.65%
2017-18*	1002741	915256	1918210	52.29%

**Provisional*

Interpretation:

The above table analysis the contribution of direct taxes to Tax revenue in 2008-2009 total taxes is collected 603251 crore Rs. and 55.34% direct Tax as on total taxes. In 2009-2010 it was 60.78%, in 2011 it was 56.48%, in 2011-2012 it was 55.82%, in 2012-2013 it was 54.17%, in 2013-2014 it was 56.32%, in 2014-2015 it was 56.16%, in 2015-2016 it was 51.05% , in 2016-2017 it was 49.65%, in 2017-2018* it was near about 52.29%

The above table clearly mention the total percentage of tax collected in direct form. Only in 2009-2010 the total collection of taxes is high comparatively to other years. In 2016-2017 it was very low collection of taxes.

TAXES REVENUE –GDP RATIO

Table 2:
Direct-Tax GDP Ratio
(Rs. in Crore)

Financial Year	Net Collection of Direct Taxes	GDP Current Market Price	Direct Tax GDP Ratio	GDP Growth Rate	Tax Growth Rate	Buoyancy Factor
2008-09	333818	5630063	5.93%	12.89%	6.20%	0.48
2009-10	378063	6457352	5.85%	14.69%	13.25%	0.90
2010-11	445995	7674148	5.81%	18.84%	17.97%	0.95
2011-12	493987	9009722	5.48%	17.4%	10.76%	0.62
2012-13	558989	10113281	5.53%	12.25%	13.16%	1.07
2013-14	638596	11355073	5.62%	12.28%	14.24%	1.16
2014-15	695792	12541208	5.55%	10.45%	8.96%	0.86
2015-16	742295	13567192	5.47%	8.18%	6.68%	0.82
2016-17	849713	15253714	5.57%	12.43%	14.53%	1.17
2017-18*	1002741	16773145	5.98%	9.96%	18.03%	1.81

Source: Union Budget and Economic Survey, Government of India

Interpretation:

The above table no. 2 analysis the direct tax revenue and GDP ratio. The net collection direct Taxes in 2008-2009 333818 crore Rs. and tax growth are 6.20%, GDP growth 12.89%. In 2009-2010 it

was 378063 crore Rs and direct Tax-GDP 5.85%, in 2010 it was 5.81% GDP-direct Tax ratio and GDP growth rate is 18.84 and tax growth rate is 17.97%, in 2011-2012 it was 5.48 GDP direct ratio, GDP growth rate is 17.4% and tax growth is 10.76%, in 2012-2013 it was 5.53%, GDP growth 12.25%, in 2017-2018* it was near about 5.98% Direct Tax GDP ratio, the total growth of tax is 9.96%

7. CONCLUSION

In the wake of experiencing point of interest examination of information during the referenced period for example 2008-09 to 2017-18, the time has come to top everything. Both direct tax and circuitous assessment witness an expanding pattern. Be that as it may, there is an auxiliary move in the creation of income Tax of Government for direct taxes from aberrant assessments. This can be considered as a positive improvement on the presumption that direct assessments are increasingly impartial in effect and poor when contrasted with backhanded expenses. Yet at the same time, there is a need to improve the tax.

8. RECOMMENDATIONS

In the wake of experiencing the rundown appraisal of the annual assessment branch of India, it is discovered that its presentation can be improved further if certain remedial moves are made the correct way. In light of this examination, a few recommendations are given as under:

1. Fundamental consideration ought to be taken at the fitting dimension either by strategy changes or authoritative adaptability to build the assessment accumulation.
2. Development of Income duty isn't at standard with the corporate expense. In this way, steps ought to be taken to build the personal expense either by expanding the duty base or urging the general population to settle regulatory expense by streamlining the recording technique and mindfulness.
3. Tax avoidance and debasement practices are broadly overall in the Indian expense framework, which is the greatest square in the method for appropriate usage of the law. Consequently, there is a need to handle tax avoidance and defilement for improving expense consistency.

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