przegląd krytyczny critical review

The tax scenario in India: a macro-economic outlook

PRZEGLĄD KRYTYCZNY
2025 / 7(1): 53–66
ISSN: 2657–8964
DOI: 10.14746/pk.2025.7.1.3

Moon Saikia[1], Maghna Bora[2], Muhmudul Alom[3], Deepa Moni Bora[4], Biki Mollick[5], & Marinal Saikia[6] ✉

[1] Nowgong College (Autonomous), Nagaon, Assam, India, 782001. ORCID: 0009-0000-8763-9082, Email: moonsaikia399@gmail.com

[2] Nowgong College (Autonomous), Nagaon, Assam, India, 782001. ORCID: 0009-0007-5720-9031, Email: maghnaborah1@gmail.com

[3] Nowgong College (Autonomous), Nagaon, Assam, India, 782001. ORCID: 0009-0009-2644-9870, Email: malom19211@gmail.com

[4] Nowgong College (Autonomous), Nagaon, Assam, India, 782001. ORCID: 0009-0004-7487-1834, Email: deepamonibora1234@gmail.com

[5] Nowgong College (Autonomous), Nagaon, Assam, India, 782001. ORCID: 0009-0000-1166-7466, Email: bikimollic257@gmail.com

[6] Nowgong College (Autonomous), Nagaon, Assam, India, 782001. ORCID ID: 0000-0001-5481-522X, Email: mrinalsaikia872@gmail.com.

ABSTRACT: The paper examines India's long-term tax situation and analyses the factors contributing to the various stages of tax collection. The article's primary focus is on the direct and indirect taxes, as well as their historical trajectory. Nevertheless, we assessed the relationships between various tax components and the nation's macroeconomic indicators. The data contained in the article was gathered from reputable government agencies. Bar and line diagrams were utilized to examine the data, and a pair-wise correlation matrix was employed to investigate the relationship between the various tax components and macroeconomic indicators. The study shows that the percentage of taxes to GDP and the rate of indirect taxes to total taxes have been trending upward over time. GST has significantly aided the growth of the indirect tax share. Moreover, the research indicates that several macroeconomic variables correlate with various tax components.

KEYWORDS: direct taxes, indirect taxes, GST, tax reform, India

1. INTRODUCTION

India's tax system has its roots in antiquity, even before the country gained its freedom. Prominent Indian texts such as the Manusmriti and Arthashastra, as well as the law and economics classics, contain references to taxes. Both provide guidelines for tax collection procedures and stress the significance of an equitable tax structure for the nation's and its citizens' well-being. Since then, taxes have advanced significantly (Rao, 2000; Jha, 2019; Madhukar, 2024). Although ancient scriptures greatly influenced the growth of taxes in India, the modern income tax system was introduced in 1860. During the country's British rule, Sir James Wilson introduced it. The purpose of the tax policies was to make up for the damage that the military mutiny of 1857 had caused to the British government at the time. Following that, different income tax laws were passed by the British government. Following numerous revisions to the previous rules, the Ministry of Law enforced the first autonomous tax legislation in independent India in 1961. As per the Act, there is currently a five-fold taxation system in place on income: salary, business or profession, capital gains, house property, and other sources of income (Madan, 2020; Shome, 2021; Central Board of Direct Taxes, 2024; https://www.pnbmetlife.com/calculators/income-tax-calculator.html). India now uses a three-tier taxation system. Taxes can be imposed by both the federal government and the state governments. The municipal corporations and gram panchayats are examples of local governing entities to whom the State government may assign taxation authority.

Following the 1990s, India's economic reforms propelled the country's development into a globally integrated nation with notable advancements in macroeconomic stability, geopolitical constancy, and regulatory efficacy (World Bank, 2019; Deshmukh et al., 2022). India has become one of the Asian economies with the most significant rate of growth in recent decades, surpassing even China (Paul & Mas, 2016). Together with direct tax reform, India has experienced remarkable indirect tax reform over the past three decades (Chikermane, 2018). The country has shown economic endurance by making another breakthrough in July 2017. This has strengthened the country's tale of turbulent but comparatively steady progress. The tax system in India is reputedly one of the most intricate globally, encompassing several taxes such as income tax, wealth tax, property tax, gift tax, sales tax, VAT, customs duty, excise duty (now substituted by GST), corporate tax, income tax, and numerous more levies. To be sure, this is one of the reasons that income tax consultants, GST consultants, auditors, and other experts are in such high demand in India (Neog and Gaur, 2020; Rao, 2022; Kapoor and Singh, 2023; Levare consultant, 2024).

As per the Ministry of Finance (2022) report published in Times of India (2022), India's tax to GDP ratio for the fiscal year 2018-19 was 10.9%. This is a concerningly low figure, considering that the average percentage for OECD member nations is approximately 34%. A high tax-to-GDP ratio indicates that the government can successfully control spending without taking on excessive debt. Additionally, developed countries are typically linked to high ratios. India's comparably low numbers may reflect lower service tax collection, a higher GDP growth rate than other countries, and a high rate of income tax evasion among large enterprises and upper-class citizens. 51.3% of total revenues in 2016–17 came from direct taxes, which include corporate and personal income taxes. Indirect taxes made up the remaining portion. The percentage was 56.4% in 2020–21, with personal income tax at 28.3% and corporate tax at 28.1%. GST became the primary means of collecting indirect taxes for the Center by implementing the new indirect tax framework in 2017. Experts claim that the Goods and Services Tax, or GST, is a significant tax reform implemented by the Indian government following economic liberalization in 1991 (Jha, 2019; Siddiqui, 2018). India has come a long way in accepting the Goods and Services Tax (GST) reform, a much-needed indirect tax reform aiming to create one market, one nation, and one tax (GST Council, 2020). Global experience showed that by streamlining the tax structure and lowering the number of state and federal taxes, GST has improved business procedures more than before (Nutman et al., 2021). GST is a destination-based, indirect tax (Deshmukh et al., 2022). It seems to have directly and indirectly impacted businesses and customers (Fernando & Chukai, 2018). Except for customs duties, the GST replaced indirect taxes and more than a dozen state levies. The GST Council, not the government, now decides how much tax to charge. In 2020–21, income and corporation taxes accounted for 28.1% and 28.3% of total revenue, respectively, with 28.5% coming from GST (Rao, 2022; Invest India, 2024).

In light of this context, this research paper aims to illustrate the pattern and proportion of the tax scenario as a part of government revenue and a significant macroeconomic variable in India. We intend to investigate the correlations between the nation's macroeconomic development metrics. Policymakers should find the study's conclusions helpful in making various decisions about the tax landscape and the nation's economic growth.

2. MATERIALS AND METHOD

The secondary data from reliable sources is used in the research note. The World Bank and the Indian Ministry of Finance's data are used in the analysis to determine the trend of the tax scenario. The results are displayed using a line and bar graphic. The relationship between various tax components and the nation's macroeconomic indicators is also examined using data from the World Bank. To accomplish the specific goal, pair-wise correlation analysis is carried out. Using STATA 14, the study additionally examined the significance of the correlation between these variables. With the aid of the correlation matrix table, the results are displayed.

3. RESULTS AND DISCUSSION

One significant source of government funding is taxation. The Indian government levies taxes on its citizens and uses the money it receives in tax revenue to fund public spending. One of the primary sources of GDP, or national income, is taxes. The Tax to GDP ratio calculates the effect of taxes on a country's GDP. A measure of a nation's tax revenue as a percentage of its GDP is called the tax-to-GDP ratio (GDP). A greater tax-to-GDP ratio demonstrates that the government is making more money from tax collection rather than borrowing from other nations and provides more funding for public spending, which translates into a stronger financial situation for the country. The trend of taxes as a percentage of India's GDP is shown in Figure 1 and Table 2 (in the Appendix Section).

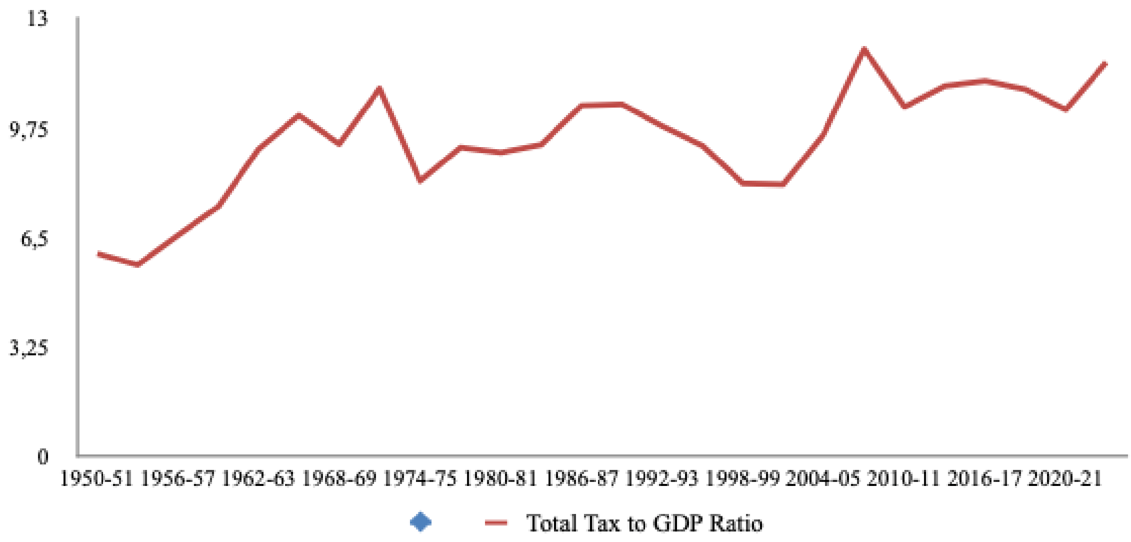

Figure 1: Trend of tax to GDP ratio
Source: Authors' finding

As may be shown, the GDP's share of tax income in 1950–51 was 6.03%, according to Figure 1. The Planning Commission of India was established in 1950 with the primary goal of doubling the country's real income in fewer than 20 years. This led to an increase in indirect taxation, which caused the tax GDP ratio to rise from 1953–1954 to 1964–1965. Lal Bhadur Shastry, India's previous prime minister, promoted a green revolution program in 1965–1966 in an effort to boost agricultural output, which led to a reduction in agrarian product taxes at that time. Consequently, the nation's tax-to-GDP ratio was low in 1965–1966 (Rao, 2022). As India's next prime minister, Indira Gandhi took the oath of office following Lal Bhadur Shastry. She raises the tax rate once more. The personal income tax was raised to 97% in 1972–1973 to lessen economic disparity.

However, the Gandhi administration in India failed since they would need to lower taxes the following year. In 1980, India's tax-to-GDP ratio was 9.086, which continued to increase in the next several years. In addition to the economy attaining a higher growth path, the buoyancy in tax revenues was fuelled by the progressive substitution of quantitative restrictions with tariffs following initial attempts at economic liberalization in the 1980s. In 1986-87, the Indian economy faced a severe drought, followed by the financial crisis in 1991, which caused a decline in the tax ratio in this period. From then until the 1990s, the Indian government kept the tax-to-GDP ratio constant. Due to the 1991 economic crisis and ensuing tax reforms, India's tax-to-GDP ratio dropped from 10.46% in 1991–1992 to 8.11% in 1998–1999 (Singh, 2013). The customs tariffs and excise charges were significantly reduced due to these reforms, and the marginal tax rate was lowered from a high level to 40%. There was a sudden increase in the tax-to-GDP ratio between 2001 and 2002. This was due to a number of factors, including slow industrial growth, a negative growth rate for non-oil imports, an increase in the excise exemption limit for small businesses, lower duties on oil products, and a sizable shortfall in disinvestment proceeds, as mentioned in the Union Budget 2001-02. The decline in direct tax caused it to plummet, but it began to rise again in 2010–11 as indirect tax increased. By 2016–17, the tax GDP ratio reached 11.15% (Neog and Gaur, 2020).

The Goods and Services Tax (GST) is a revolutionary tax system that took effect at midnight on July 1, 2017 (Rao, 2022). During 2021–2022, GST grew remarkably despite two COVID-19 pandemic waves. The central government's tax revenue has significantly increased because of a larger tax base and better compliance under GST. The central government's revenue has also increased due to IGST and cess collections. Revenues from Central GST (CGST) climbed from Rs. 4.6 lakh crore in 2021–22 to Rs. 5.9 lakh crore in 2022–23. Compared to Rs. 94,734 in 2020–21 and Rs. 1.01 lakh crores in 2019–20, the average monthly gross GST revenue in 2021–22 was Rs. 1.23 lakh crore. The GST collection reached an all-time high of Rs. 1,42,095 crores in March 2022. India's tax-to-GDP ratio reached a record high of 11.7% in 2021–2022. Despite the significant increase in the Tax to GDP ratio, the COVID-19 pandemic caused a disturbance in India's indirect tax computations. March's Goods and Services Tax receipts fell short of February's collection of Rs 1.05 lakh crore, coming in at Rs 97,597 crore. Before the pandemic, India was going through a period of slowness. As a result, India's tax-to-GDP ratio dropped from 10.9% in 2018–19 to 9.9% in 2019–20. This can be attributed to the economic disturbance (Ministry of Finance, 2022).

Based on the discussion above, we also planned to investigate India's historical direct and indirect tax trend and share (Table 3 in the appendix section). Figure 2 shows the direct and indirect tax trend, as well as the GDP of India as a percentage, and Figure 3 shows the corresponding shares.

The direct tax ratio (5.1%) in 2000–01 is significantly higher than the indirect tax ratio (3.2%). This is because, as the Union Budget 2001–02 states, direct tax collection was robust in 2001; however, indirect tax collection was lower as a result of several factors, such as the slow growth of the industrial sector, the negative growth rate of non-oil imports, the increased excise exemption limit for small businesses, the reduction of duties on oil products, and the sizeable shortfall in disinvestment proceeds. In July 2000, a task committee on direct and indirect taxes was established. In the coming years, the indirect tax to GDP ratio will rise as a result of the numerous improvements they propose for indirect tax collection. Additionally, by 2005, value-added tax had been implemented in every state and union territory in India, increasing indirect tax revenue. There was a noticeable drop in indirect tax revenue by 2008. The Economic Times reports that India's collection of indirect taxes in 2008–09 was Rs 2.65 lakh crore, a decrease from Rs 2.81 lakh crore the year before. A reduction of duty duties, particularly on goods with high import values like oil, gasoline, and lubricants (POL), contributed to this drop. The drop may have been caused by additional factors such as reorganization initiatives and exemptions. Following that, the government implemented a number of changes and was able to boost the collection of indirect taxes. The government implemented ground-breaking GST tax reforms in 2017, which raised government revenue. Nevertheless, the government's tax-to-GDP ratio fell in 2019–20 due to the effects of COVID–19, as the majority of the economy was closed at that time. As the pandemic ends, GST demonstrates its ability by raising the indirect tax to GDP ratio by 2021–2022.

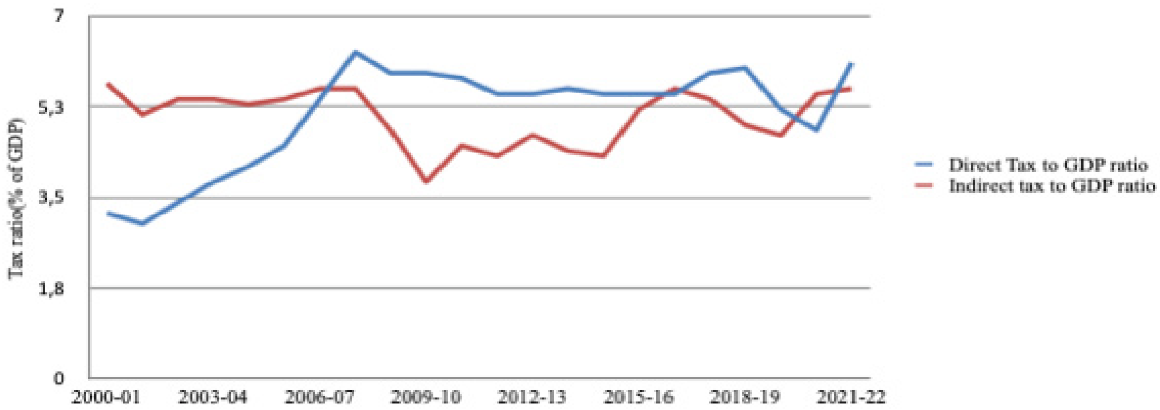

Figure 2. Direct and indirect tax as a percentage of GDP of India
Source: Authors' finding

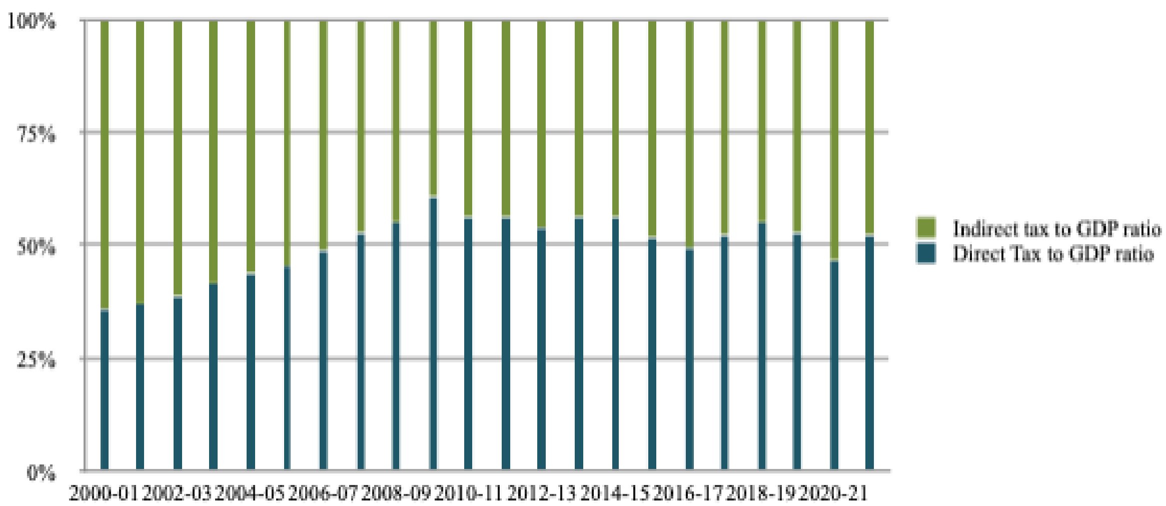

Figure 3. Share of direct and indirect taxes.
Source: Authors' finding

	Tax revenue (% of GDP)	Taxes on international trade (% of revenue)	Taxes on goods and services (% value added of industry and services)	Taxes on exports (current LCU)	Travel services (% of commercial service imports)	Tariff rate, applied, simple mean, primary products (%)	Tariff rate, applied, simple mean, (manufactured products (%)	Taxes on income, profits and capital gains (current LCU)	Other taxes (current LCU)	Customs and other import duties (current LCU)	Taxes on exports (% of tax revenue)	Political Stability and Absence of Violence/Terrorism: Percentile Rank, Lower Bound of 90% Confidence Interval	GNI per capita (constant LCU)	GNI growth (annual %)	Gross domestic savings (current LCU)	Gross value added at basic prices (GVA) (current LCU)	Final consumption expenditure (% of GDP)	Fuel imports (% of merchandise imports)	Imports of goods and services (constant LCU)	Gross capital formation (constant 2015 US$)	Manufactures imports (% of merchandise imports)	Food imports (% of merchandise imports)	Trade (% of GDP)
Tax revenue (% of GDP)	1																						
Taxes on international trade (% of revenue)	-0.34**	1																					
Taxes on goods and services (% value added of industry and services)	-0.11	0.44***	1																				
Taxes on exports (current LCU)	0.26*	-0.19	-0.29*	1																			
Travel services (% of commercial service imports)	0.39***	-0.67	-0.79***	0.23	1																		
Tariff rate, applied, simple mean, primary products (%)	-0.42**	0.81***	0.48**	-0.14	-0.68***	1																	
Tariff rate, applied, simple mean, manufactured products (%)	-0.51**	0.84***	0.47**	-0.15	-0.71***	0.96***	1																
Taxes on income, profits and capital gains (current LCU)	0.68***	-0.78***	-0.39***	0.04	0.75***	-0.62***	-0.66***	1															
Other taxes (current LCU)	-0.08	0.02	-0.25*	0.03	0.12	-0.02	0.04	0.02	1														
Customs and other import duties (current LCU)	0.59***	-0.67***	-0.65***	0.12	0.82***	-0.66***	-0.71***	0.88***	0.10	1													
Taxes on exports (% of tax revenue)	-0.43***	0.04	0.58***	-0.02	-0.62***	0.33	0.39*	-0.39**	-0.14	-0.48***	1												
Political Stability and Absence of Violence/Terrorism: Percentile Rank, Lower Bound of 90% Confidence Interval	0.58***	-0.41*	0.59***	0.25	0.01	-0.45**	-0.41*	0.58***	-0.11	0.37	0.12	1											
GNI per capita (constant LCU)	0.64***	-0.79***	-0.6***	0.1349	0.79***	-0.7***	-0.74***	0.96***	0.07	0.93***	-0.51***	0.76***	1										
GNI growth (annual %)	0.17	-0.23	-0.33**	-0.03	0.19	-0.02	-0.02	0.27*	-0.06	0.32**	-0.28*	-0.15	0.15	1									

Gross domestic savings (current LCU)	0.66***	-0.79***	-0.45***	0.05	0.68***	-0.67***	-0.67***	0.99***	0.04	0.91***	-0.41***	0.79***	0.98***	0.12	1								
Gross value added at basic prices (GVA) (current LCU)	0.64***	-0.78***	-0.44***	0.04	0.65***	-0.61***	-0.64***	0.99***	0.04	0.9***	-0.42***	0.81***	0.97***	0.09	0.99***	1							
Final consumption expenditure (% of GDP)	-0.52***	0.61***	0.86***	-0.32**	-0.85***	0.71***	0.77***	-0.66***	-0.16	-0.79***	0.65***	0.15	-0.73***	-0.29**	-0.59***	-0.57***	1						
Fuel imports (% of merchandise imports)	0.15	-0.33**	-0.33**	0.19	0.36**	-0.24	-0.28	0.28*	-0.04	0.33**	-0.16	0.06	0.33**	-0.09	0.3**	0.29**	-0.35**	1					
Imports of goods and services (constant LCU)	0.67***	-0.79***	-0.6***	0.15	0.78***	-0.73***	-0.79***	0.95***	0.06	0.93***	-0.46***	0.66***	0.98***	0.15	0.97***	0.96***	-0.73***	0.37***	1				
Gross capital formation (constant 2015 US$)	0.68***	-0.8***	-0.58***	0.14	0.76***	-0.71***	-0.76***	0.97***	0.06	0.93***	-0.47***	0.72***	0.99***	0.16	0.98***	0.97***	-0.72***	0.35**	0.99***	1			
Manufactures imports (% of merchandise imports)	0.15	0.45***	0.32**	-0.14	-0.21	0.2	0.21	-0.21	-0.01	-0.3**	-0.19	0.24	-0.15	0.02	-0.13	-0.11	0.2	-0.75***	-0.22	-0.18	1		
Food imports (% of merchandise imports)	-0.39***	0.04	0.6***	-0.18	-0.6***	-0.07	0.01	-0.32**	-0.14	-0.43***	0.76***	0.09	-0.43***	-0.08	-0.32**	-0.31**	0.68***	-0.46***	-0.39***	-0.4***	-0.03	1	
Trade (% of GDP)	0.57***	-0.74***	-0.8***	0.33***	0.85***	-0.77***	-0.85***	0.78***	0.08	0.88***	-0.5***	0.16	0.84***	0.23	0.75***	0.72***	-0.91***	0.49***	0.88***	0.85***	-0.37***	-0.52***	1

Note: *, ** and *** represent 1%, 5% and 10% significance levels, respectively

Note: *, ** and *** represent 1%, 5% and 10% significance levels, respectively
Table 1. Correlation matrix of different tax and other socioeconomic variables
Source: Authors' findings based on the secondary data

The study also attempts to comprehend the relationships between various taxes and responsibilities as well as the connections between these duties and various macroeconomic and social variables. The findings of the correlation study are shown in Table 1. It is evident that the nation's tax situation is strongly correlated with a number of social and macroeconomic factors. Out of all these many macroeconomic and social variables, political stability is one of the key factors that guarantee a robust and noteworthy association with multiple tax components and India's GDP indicators. The relationship between the various tax kinds and the nation's overall tax share is also shown in Table 1.

4. CONCLUSION

To provide light on the potential transitoriness of tax income in the future, the research note addresses the changes in the tax mix, the influence of economic policies, the relationship between economic growth and tax collection, and the opportunities and challenges associated with tax administration and collection. There has been a discernible change in the types of taxes contributing to government revenue over time. Changes in the percentage of direct taxes (like GST) that demonstrate the involvement of economic structures and tax laws may fall under this category. Government initiatives like tax reforms and rate adjustments have impacted the total tax revenue. For example, implementing the goods and services tax (GST) in the Indian market changed indirect taxation significantly and affected the government's income streams. It can be instructive to provide information regarding the evolution of taxes as a share of government revenue. This could be useful for future discussions about possible policy paths, technical developments in tax administration, and how global economic patterns may impact India's tax revenue.

Scope for further research: Understanding the relationship between economic expansion and tax revenue is vital. Tax income typically rises when the economy spends more. Still, examining how this relationship has changed over time is essential and determining whether it fits expectations or needs more research. Addressing the opportunities and problems in tax management and collection is crucial. This could involve issues with tax evasion, compliance, and the efficiency of tax administration systems, in addition to possible ways to increase the effectiveness of tax collection.

REFERENCES

Central Board of Direct Taxes. (2024). Income-tax Act, 1961 as amended by Finance Act, Retrieved from the official website of Central Board of Direct Taxes. Department of Revenue, Ministry of Finance, Government of India. Retrieved from https://incometaxindia.gov.in/pages/acts/income-tax-act.aspx?key=income&key=income

Chikermane, G. (2018). 70 Policies that Shaped India 1947 to 2017, independence to $2.5 Trillion. Observer Research Foundation. Retrieved from https://www.orfonline.org/wpcontent/uploads/2018/07/70_Policies.pdf

Deshmukh, A. K., Mohan, A. & Mohan, I. (2022). Goods and Services Tax (GST) Implementation in India: A SAP–LAP–Twitter Analytic Perspective. *Global Journal of Flexible System Management, 23*, 165-183.

Fernando, Y. & Chukai, C. (2018). Value co-creation, goods and service tax (GST) impacts on sustainable logistic performance. *Research in Transportation Business and Management, 28*, 92-102.

GST Council. (2020). GST Reports. Retrieved from http://www.gstcouncil.gov.in/

Invest India. (2024). Retrieved from https://www.investindia.gov.in

Jha, K. (2019). The Jurisprudence of Taxpayer Rights in India: An Evolutionary Tale in Direct Taxation. *Liverpool Law Review, 40*, 271-297.

Jha, R. (2019). Modinomics: Design, implementation, outcomes, and prospects. *Asian Economic Policy Review, 14*(1), 24-41.

Kapoor, S. & Singh, A. (2023). Development of Indian Tax System: Pre and Post-Colonial Influences. *FIIB Business Review, 14*(3), 261-271.

Levare Consultant. (2024). History of taxation in India. Retrieved from https://www.levare.co.in/articles/history-taxation-india

Madan, T. K. (2020). History of evolution of income tax act in India. Tax Guru. Retrieved from https://taxguru.in/income-tax/history-evolution-income-tax-act-india.html#google_vignette

Madhukar, N. (2024). The origins of Indian tax system. Retrieved from https://www.studocu.com/in/document/ranchi-university/llb/history-of-tax-law-histort/84851276

Ministry of Finance (2022). Tax Revenues in 2021-22 exceed the Union Budget estimates by 5 lakh crore. Retrieved from https://pib.gov.in/PressReleasePage.aspx?PRID=1814822

Neog, Y. & Gaur, A. K. (2020). Tax structure and economic growth: A study of selected Indian states. *Journal of Economic Structures, 9*(1), 1-12.

Nutman, N., Isa, K., & Yussof, S. H. (2021). GST complexities in Malaysia: Views from tax experts. *International Journal of Law and Management, 64*(2), 150-167.

Paul, J. & Mas, E. (2016). The emergence of China and India in the global market. *Journal of East-West Business, 22*(1), 28-50.

Rao, M. G. (2000). Tax reform in India: Achievements and challenges. *Asia-Pacific Development Journal, 7*(2), 59-74.

Rao, M. G. (2022). Tax Policy and Reforms in India. In *Studies in Indian Public Finance* (pp. 45-76). Oxford: Oxford Academic Press.

Shome, P. (2021). Taxation in Pre-Independence Period: The Salt Tax. In P. Shome (ed.), *Taxation History, Theory, Law and Administration. Springer Texts in Business and Economics* (pp. 41-49). Cham: Springer.

Siddiqui, K. (2018). The political economy of India's economic changes since the last century. *Argumenta Oeconomica Cracoviensia, 19*, 103-132.

Singh, R. (2013). *Indian Economy*. McGraw Hill Education (India) Private Limited.

Times of India. (2022). Union Budget: What are the income sources of government. Retrieved from https://timesofindia.indiatimes.com/business/faqs/budget-faqs/budget-2021-what-are-the-income-sources-of-government/articleshow/80514295.cm

World Bank. (2019). The World Bank in India: Overview. Retrieved from https://www.worldbank.org/en/country/India/overview/

World Bank. (2024). Retrieved from https://data.worldbank.org/country/india?view=chart

Appendix

Year	Total Tax to GDP Ratio
1950-51	6.03
1953-54	5.69
1956-57	6.57
1959-60	7.42
1962-63	9.13
1965-66	10.13
1968-69	9.28
1971-72	10.93
1974-75	8.18
1977-78	9.18
1980-81	9.026
1983-84	9.26
1986-87	10.42
1989-90	10.46
1992-93	9.81
1995-96	9.23
1998-99	8.11
2001-02	8.08
2004-05	9.57
2007-08	12.1
2010-11	10.38
2013-14	11
2016-17	11.15
2018-19	10.9
2020-21	10.3
2021-22	11.7

Table 2. Tax as a share of GDP of India
Source: World Bank (2024); Ministry of Finance (2022)

Year	Direct Tax to GDP ratio	Indirect tax to GDP ratio
2000-01	3.2	5.7
2001-02	3	5.1
2002-03	3.4	5.4
2003-04	3.8	5.4
2004-05	4.1	5.3
2005-06	4.5	5.4
2006-07	5.4	5.6
2007-08	6.3	5.6
2008-09	5.9	4.8
2009-10	5.9	3.8
2010-11	5.8	4.5
2011-12	5.5	4.3
2012-13	5.5	4.7
2013-14	5.6	4.4
2014-15	5.5	4.3
2015-16	5.5	5.2
2016-17	5.5	5.6
2017-18	5.9	5.4
2018-19	6	4.9
2019-20	5.2	4.7
2020-21	4.8	5.5
2021-22	6.1	5.6

Table 3. Share of direct and indirect taxes of India
Source: Ministry of Finance (2022)