# A STUDY ON INDIRECT TAXES IN INDIA – A POST REFORM APPROACH

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## ABSTRACT

"A study on Indirect tax in India – A Post reform approach" is a study analyses the growth trend of indirect taxes in India. It is a positive and time series study and it is based on secondary data. The main objective of this study is to find out the growth trend of indirect tax and its components. Also this study finds out the tax buoyancy of Indian taxes. Moreover this study proves that "Tax buoyancy is less than unity". This study concludes that the share of excise duty in tax revenue has moderately decreased and the share of customs duty in tax revenue has sharply decreased during the study period.

## Introduction:

In modern days, the expenditure of the Government increasing day by day for which the Government forced to raise their revenue through tax and non – tax sources. Tax revenue is always elastic, certain and lump sum but the non – tax revenue is meager, uncertain and inelastic in nature. There are some pros and cons for direct and indirect tax. This study analyses the growth trend of indirect taxes and its components from 1991 – 1992 to 2018 – 2019.

## Statement of the Problem:

The main aim of economic reforms in 1991 is to reduce the fiscal deficit at the level of 3.5 % in National income. There are two possibilities to reduce the fiscal deficit. First one is to reduce the expenditure but this is impossible because most of the expenditures are committed in nature. The second one is to raise the revenue. Direct taxes are progressive and reduce the disparity of income and it affects the willingness to work and save. Indirect taxes are highly elastic and regressive in nature and also it will create a disparity of income in the economy. Therefore the problem of Indian Government is whether they prefer direct tax or indirect tax because both taxes have merits and demerits. This study analyses the growth trend of Indirect taxes in India. This study gives an answer to the following questions.

1. What is the growth trend of indirect tax in India?
2. Whether the indirect tax grows faster than the direct tax or not?
3. Which tax gives more revenue to the Government of India?
4. Is the excise duty grows faster than the customs duty in India?
5. How far the indirect tax increases when National income increases?

## Objectives:

The general objective of this study is to find out the growth trend of indirect tax of India. The specific objectives are

1. To analyses the growth trend of tax revenue in India.

2. To find out the growth rate of indirect tax in India.

3. To compare the indirect tax with direct tax in India.

4. To compare the excise duty with customs duty in India.

5. To calculate the tax buoyancy of India.

## Hypotheses:

This study is based on the following three hypotheses.

1. Direct tax grows faster than the indirect tax

2. Excise duty grows faster than the customs duty.

3. Tax buoyancy is less than unity.

## Methodology:

This study comes under the positive theory of public finance and it is based upon the secondary data and data can be collected from the Handbook of statistics on Indian Economy published by RBI. For assessing the variations in the revenue levels of the central government of India, we have made use of the per capita revenue / per capita tax. For calculating per capita taxes, population data from the year 1991 to 2019 are needed and the growth rate of population were collected from census reports for the year 1991, 2001 and 2011. Population figures for individual years were estimated by the researcher with the help of the growth rate.

To know the trend of tax revenues on various sources for the period from 1991 – 1992 to 2018 – 2019 growth rate has been estimated. In order to compute growth rate, the compound annual growth rate has been estimated. The formula for compound annual growth rate is

$$Y = ab^x$$

Where x = year and y = value

To find out the buoyancy of the tax revenue, regression co-efficient has been calculated on the basis of exponential type of relationship between the dependent variable of per capita tax revenue and independent variable of per capita National income.

The formula used is log y = a + b log x

The regression co-efficient 'b' becomes the buoyancy of tax revenue.

## TAX REVENUE IN INDIA:

The sum of all receipts from the taxes and all other duties under the Government of India are referred to as tax revenue. Tax revenue is a compulsory payment to the Government by the households, firms or any other institutional units. It is the main source of regular receipts of the Government and is categorized into direct taxes and indirect taxes.

### TABLE - 1

### TAX REVENUE OF INDIA AT CURRENT PRICE

| YEAR | Absolute Amount (Rs. in Crores) | Per Capita Amount (in Rs.) | Percentage to Total Revenue Receipts |
|---|---|---|---|
| 1991 – 1992 | 50069 | 591.55 | 75.83 |
| 1992 – 1993 | 54044 | 625.08 | 72.91 |
| 1993 – 1994 | 53449 | 605.45 | 70.84 |
| 1994 – 1995 | 67454 | 748.57 | 74.06 |
| 1995 – 1996 | 81939 | 891.32 | 74.40 |
| 1996 – 1997 | 93701 | 999.48 | 74.20 |
| 1997 – 1998 | 95672 | 1000.96 | 71.46 |
| 1998 – 1999 | 104652 | 1074.46 | 70.01 |
| 1999 – 2000 | 128271 | 1292.79 | 70.68 |
| 2000 – 2001 | 136658 | 1352.38 | 70.95 |
| 2001 – 2002 | 133532 | 1298.07 | 66.33 |
| 2002 – 2003 | 158544 | 1514.56 | 68.68 |
| 2003 – 2004 | 186982 | 1755.70 | 70.88 |
| 2004 – 2005 | 224798 | 2075.51 | 73.47 |
| 2005 – 2006 | 270264 | 2454.05 | 77.87 |
| 2006 – 2007 | 351182 | 3137.23 | 80.85 |
| 2007 – 2008 | 439547 | 3863.81 | 81.12 |
| 2008 – 2009 | 443319 | 3835.93 | 82.06 |
| 2009 – 2010 | 456536 | 3889.05 | 79.70 |
| 2010 – 2011 | 569868 | 4780.77 | 72.28 |
| 2011 – 2012 | 629764 | 5204.23 | 83.81 |
| 2012 – 2013 | 741877 | 6014.41 | 84.38 |
| 2013 – 2014 | 815854 | 6527.88 | 80.40 |
| 2014 – 2015 | 903615 | 7136.43 | 82.04 |
| 2015 – 2016 | 943765 | 7356.50 | 78.97 |

| | | | |
|---|---|---|---|
| **2016 – 2017** | **1101372** | **8473.40** | **80.15** |
| **2017 – 2018** | **1242488** | **9558.34** | **86.57** |
| **2018 – 2019** | **1317211** | **10131.61** | **84.82** |
| **CAGR** | **13.77** | **11.85** | |

**Note    :      CAGR – Compound Annual Growth rate**
**Source:      1. Absolute amount – Handbook of Statistics on Indian Economy**
**                   2. Per Capita amount – Computed by the Researcher**

From table – 1, we know that the tax revenue at current price has increased from Rs.50069 crores in 1991 – 1992 to Rs.1317211 crores in 2018 – 2019 at the compound annual growth rate of 13.77 per cent.  The per capita tax revenue also increased from Rs.591.55 in 1991 – 1992 to Rs.10131.61 in 2018 – 2019 at the compound annual growth rate of 11.85 per cent.  The percentage of tax revenue to total revenue receipts has increased from 75.83 percent in 1991 – 1992 to 84.82 per cent in 2018 – 2019.

This table conveys that the tax revenue increases rapidly during the study period because of increase in direct and indirect taxes.

**TABLE - 2**

**SHARE OF DIRECT AND INDIRECT TAXES IN TAX REVENUE**

| YEAR | Direct Tax % to Tax Revenue | Indirect Tax % to Tax Revenue |
|---|---|---|
| **1991 – 1992** | **20.18** | **79.82** |
| **1992 – 1993** | **22.34** | **77.66** |
| **1993 – 1994** | **23.43** | **76.57** |
| **1994 – 1995** | **27.29** | **72.71** |
| **1995 – 1996** | **27.20** | **72.80** |
| **1996 – 1997** | **27.08** | **72.92** |
| **1997 – 1998** | **28.40** | **71.60** |
| **1998 – 1999** | **30.69** | **71.89** |
| **1999 – 2000** | **32.30** | **67.70** |
| **2000 – 2001** | **36.33** | **63.67** |
| **2001 – 2002** | **35.72** | **64.28** |
| **2002 – 2003** | **38.86** | **61.14** |
| **2003 – 2004** | **40.96** | **59.04** |
| **2004 – 2005** | **42.68** | **57.32** |
| **2005 – 2006** | **44.66** | **55.34** |
| **2006 – 2007** | **48.33** | **51.67** |
| **2007 – 2008** | **52.68** | **47.32** |
| **2008 – 2009** | **55.98** | **44.02** |
| **2009 – 2010** | **59.50** | **40.50** |
| **2010 – 2011** | **55.01** | **44.99** |
| **2011 – 2012** | **54.51** | **45.49** |
| **2012 – 2013** | **53.46** | **46.54** |

| | | |
|---|---|---|
| **2013 – 2014** | **55.87** | **44.13** |
| **2014 – 2015** | **55.39** | **44.61** |
| **2015 – 2016** | **47.61** | **52.39** |
| **2016 – 2017** | **47.33** | **52.67** |
| **2017 – 2018** | **48.79** | **51.21** |
| **2018 – 2019** | **54.93** | **45.07** |

**Source:**      **1. Direct tax percentage to tax revenue**    **Computed by the**
             **2. Indirect tax percentage to tax revenue**    **Researcher**

The share of direct and indirect taxes in tax revenue shown in Table – 5. The share of direct tax percentage to tax revenue has increased from 20.18 per cent in 1991 – 1992 to 54.93 per cent in 2018 – 2019. The share in indirect tax percentage to tax revenue has decreased from 79.82 per cent in 1991 – 1992 to 45.07 per cent in 2018 – 2019. The share of direct tax increases three times during the study period.

Hence our first hypothesis "Direct tax grows faster than the indirect tax" is proved.

## INDIRECT TAX REVENUE IN INDIA :

Indirect tax is the tax levied on the consumption of goods and services. It is not directly levied on the income of a person. Instead, he / she has to pay the tax along with the price of goods or services bought by the seller. Indirect tax is a tax can be passed on to another individual or entity. Indirect tax is generally imposed on suppliers or manufacturers who pass it on to the final consumer.

### TABLE - 3

### INDIRECT TAX AT CURRENT PRICE

| YEAR | Absolute Amount (Rs. in Crores) | Per Capita Amount (in Rs.) | Percentage to tax Revenue |
|---|---|---|---|
| **1991 – 1992** | **39966** | **472.19** | **79.82** |
| **1992 – 1993** | **41969** | **485.42** | **77.66** |
| **1993 – 1994** | **40927** | **463.60** | **76.57** |
| **1994 – 1995** | **49045** | **544.28** | **72.71** |
| **1995 – 1996** | **59652** | **648.89** | **72.80** |
| **1996 – 1997** | **68326** | **728.81** | **72.92** |
| **1997 – 1998** | **68500** | **716.68** | **71.60** |
| **1998 – 1999** | **75232** | **772.40** | **71.89** |
| **1999 – 2000** | **86836** | **875.19** | **67.70** |
| **2000 – 2001** | **87007** | **861.03** | **63.67** |
| **2001 – 2002** | **85828** | **834.33** | **64.28** |

| | | | |
|---|---|---|---|
| **2002 – 2003** | **96932** | **925.98** | **61.14** |
| **2003 – 2004** | **110392** | **1036.54** | **59.04** |
| **2004 – 2005** | **128854** | **1189.68** | **57.32** |
| **2005 – 2006** | **149572** | **1358.14** | **55.34** |
| **2006 – 2007** | **181444** | **1620.90** | **51.67** |
| **2007 – 2008** | **207972** | **1828.16** | **47.32** |
| **2008 – 2009** | **195169** | **1688.75** | **44.02** |
| **2009 – 2010** | **184913** | **1575.20** | **40.50** |
| **2010 – 2011** | **256367** | **2150.73** | **44.99** |
| **2011 – 2012** | **286454** | **2367.19** | **45.49** |
| **2012 – 2013** | **345292** | **2799.29** | **46.54** |
| **2013 – 2014** | **360025** | **2880.66** | **44.13** |
| **2014 – 2015** | **403085** | **3183.42** | **44.61** |
| **2015 – 2016** | **494469** | **3854.31** | **52.39** |
| **2016 – 2017** | **580085** | **4462.88** | **52.67** |
| **2017 – 2018** | **636272** | **4894.78** | **51.21** |
| **2018 – 2019** | **593719** | **4566.72** | **45.07** |
| **CAGR** | **11.18** | **9.31** | |

**Note   :       CAGR – Compound Annual Growth rate**
**Source :       1. Absolute amount – Handbook of Statistics on Indian Economy**
**                     2. Per Capita amount – Computed by the Researcher**

Table – 3 illustrates the indirect tax revenue in India.  In absolute terms, it has increased from Rs.39966 crores in 1991 – 1992 to Rs.593719 crores in 2018 – 2019 at the compound annual growth rate of 11.18 per cent.  In per capita terms, the indirect tax has raised from Rs.472.19 in 1991 – 1992 to Rs.4566.72 in 2018 – 2019 at the compound annual growth rate of 9.31 per cent. During the study period, the percentage of Indirect tax to tax revenue has decreased from 79.82 per cent in 1991 – 1992 to 45.07 percent in 2018 – 2019.  Hence this table conveys that during the study period the share of indirect tax in total tax revenue tends o fall. It is due to higher growth rate of direct tax during the study period.

**EXCISE DUTIES IN INDIA :**

An excise duty is an important type of indirect tax which is charged on goods produced within the country.  It is a tax on the production or sale of a good.  This tax is now known as the central value Added Tax (CENVAT)

**TABLE - 4**

**EXCISE DUTIES AT CURRENT PRICE**

| YEAR | Absolute Amount (Rs. in Crores) | Per Capita Amount (in Rs.) | Percentage to indirect tax |
|---|---|---|---|

| | | | |
|---|---|---|---|
| **1991 – 1992** | **16017** | **189.24** | **40.08** |
| **1992 – 1993** | **16367** | **189.30** | **39.00** |
| **1993 – 1994** | **17224** | **195.11** | **42.08** |
| **1994 – 1995** | **21064** | **233.76** | **42.95** |
| **1995 – 1996** | **22176** | **241.23** | **37.18** |
| **1996 – 1997** | **23463** | **250.27** | **34.34** |
| **1997 – 1998** | **25516** | **266.96** | **37.25** |
| **1998 – 1999** | **28581** | **293.44** | **37.99** |
| **1999 – 2000** | **34944** | **352.19** | **40.24** |
| **2000 – 2001** | **49758** | **492.41** | **57.19** |
| **2001 – 2002** | **54469** | **529.49** | **63.46** |
| **2002 – 2003** | **62388** | **595.99** | **64.36** |
| **2003 – 2004** | **70245** | **659.58** | **63.63** |
| **2004 – 2005** | **77241** | **713.15** | **59.94** |
| **2005 – 2006** | **86642** | **786.72** | **57.93** |
| **2006 – 2007** | **92651** | **827.68** | **51.06** |
| **2007 – 2008** | **96178** | **845.45** | **46.25** |
| **2008 – 2009** | **81872** | **708.42** | **41.95** |
| **2009 – 2010** | **84383** | **718.83** | **45.63** |
| **2010 – 2011** | **110222** | **924.68** | **42.99** |
| **2011 – 2012** | **116226** | **960.47** | **40.57** |
| **2012 – 2013** | **141245** | **1145.07** | **40.91** |
| **2013 – 2014** | **137975** | **1103.98** | **38.32** |
| **2014 – 2015** | **153709** | **1213.94** | **38.13** |
| **2015 – 2016** | **220473** | **1718.55** | **44.59** |
| **2016 – 2017** | **286088** | **2201.02** | **49.32** |
| **2017 – 2018** | **211393** | **1626.23** | **33.22** |
| **2018 – 2019** | **204021** | **1569.27** | **34.36** |
| **CAGR** | **10.96** | **9.19** | |

**Note    :      CAGR – Compound Annual Growth Rate**
**Source :      1. Absolute amount – Handbook of Statistics on Indian Economy**
                 **2. Per Capita amount – Computed by the Researcher**

Table – 4 shows the excise duties in India and it has increased from Rs.16017 crores in 1991 – 1992 to Rs.204021 crores in 2018 – 2019 at the compound annual growth rate of 10.96 per cent.  The per capita amount of excise duty has increased from Rs.189.24 in 1991 – 1992 to Rs.1569.27 in 2018 – 2019 at the compound annual growth rate of 9.19 per cent. The percentage of excise duty to tax revenue has decreased from 31.99 per cent in 1991 – 1992 to 15.49 per cent in 2018 – 2019.

During the study period, the share of excise duty in tax revenue has decreased sharply because of increasing the growth rate of direct tax like income tax and corporation tax.

**CUSTOMS DUTIES IN INDIA :**

Customs duty is an another important type of indirect tax which is imposed on imports and exports of goods. Customs duties are charges levied on goods when they cross international borders.

## TABLE - 5

### CUSTOMS DUTIES AT CURRENT PRICE

| YEAR | Absolute Amount (Rs. in Crores) | Per Capita Amount (in Rs.) | Percentage to indirect tax |
|---|---|---|---|
| 1991 – 1992 | 22257 | 262.96 | 55.69 |
| 1992 – 1993 | 23776 | 274.99 | 56.65 |
| 1993 – 1994 | 22193 | 251.39 | 54.23 |
| 1994 – 1995 | 26789 | 297.29 | 54.62 |
| 1995 – 1996 | 35757 | 388.96 | 59.94 |
| 1996 – 1997 | 42851 | 457.08 | 62.72 |
| 1997 – 1998 | 40193 | 420.52 | 58.68 |
| 1998 – 1999 | 40668 | 417.54 | 54.06 |
| 1999 – 2000 | 48419 | 488.00 | 55.76 |
| 2000 – 2001 | 34163 | 338.08 | 39.26 |
| 2001 – 2002 | 28340 | 275.49 | 33.02 |
| 2002 – 2003 | 31898 | 304.72 | 32.91 |
| 2003 – 2004 | 34586 | 324.75 | 31.33 |
| 2004 – 2005 | 41811 | 386.03 | 32.45 |
| 2005 – 2006 | 46645 | 423.54 | 31.19 |
| 2006 – 2007 | 62819 | 561.18 | 34.62 |
| 2007 – 2008 | 75382 | 662.64 | 36.25 |
| 2008 – 2009 | 69217 | 598.92 | 35.47 |
| 2009 – 2010 | 60223 | 513.02 | 32.57 |
| 2010 – 2011 | 97598 | 818.78 | 38.07 |
| 2011 – 2012 | 105614 | 872.77 | 36.87 |
| 2012 – 2013 | 115890 | 939.52 | 33.56 |
| 2013 – 2014 | 121059 | 968.63 | 33.63 |
| 2014 – 2015 | 127994 | 1010.85 | 31.75 |
| 2015 – 2016 | 128829 | 1004.20 | 26.05 |
| 2016 – 2017 | 135372 | 1041.48 | 23.34 |
| 2017 – 2018 | 78601 | 604.67 | 12.35 |
| 2018 – 2019 | 75231 | 578.66 | 12.67 |
| CAGR | 6.61 | 4.81 | |

Note    :    **CAGR – Compound Annual Growth Rate**
Source :        **1. Absolute amount – Handbook of Statistics on Indian Economy**
                    **2. Per Capita amount – Computed by the Researcher**

Table – 5 reveals the growth trend of customs duty in India. The absolute amount of customs duty has increased from Rs.22257 crores in 1991 – 1992 to Rs.75231 crores in 2018 – 2019 at the compound annual growth rate of 6.61 per cent. The per capita amount of customs duty has increased from Rs.262.96 in 1991 – 1992 to Rs.578.66 in 2018 – 2019 at the compound annual growth rate of 4.81 per cent. The percentage of customs duties to tax revenue has decreased nearly nine times from 44.45 per cent in 1991 – 1992 to 5.71 per cent in 2018 – 2019.

Therefore it is interpreted that while comparing excise duty with customs duty, the later decreased very sharply than the former. In absolute terms, the compound annual growth rate of excise duty is 10.96 and the customs duty is 6.61 whereas in per capita terms, the compound annual growth rate of excise duty is 9.19 and the customs duty is 4.81. Hence our second hypothesis "Excise duty grows faster than customs duty" is proved.

## TABLE - 6

### SHARE OF EXCISE DUTIES AND CUSTOMS DUTIES IN TOTAL REVENUE

| YEAR | Excise Duties % to tax revenue | Customs Duties % to tax revenue |
|---|---|---|
| 1991 – 1992 | 31.99 | 44.45 |
| 1992 – 1993 | 30.28 | 43.99 |
| 1993 – 1994 | 32.23 | 41.52 |
| 1994 – 1995 | 31.23 | 39.71 |
| 1995 – 1996 | 27.06 | 43.64 |
| 1996 – 1997 | 25.04 | 45.73 |
| 1997 – 1998 | 26.67 | 42.01 |
| 1998 – 1999 | 27.31 | 38.86 |
| 1999 – 2000 | 27.24 | 37.75 |
| 2000 – 2001 | 36.41 | 25.00 |
| 2001 – 2002 | 40.79 | 21.22 |
| 2002 – 2003 | 39.35 | 20.12 |
| 2003 – 2004 | 37.57 | 18.50 |
| 2004 – 2005 | 34.36 | 18.60 |
| 2005 – 2006 | 32.06 | 17.26 |
| 2006 – 2007 | 26.38 | 17.89 |
| 2007 – 2008 | 21.88 | 17.15 |
| 2008 – 2009 | 18.47 | 15.61 |
| 2009 – 2010 | 18.48 | 13.19 |

| 2010 – 2011 | 19.34 | 17.13 |
| 2011 – 2012 | 18.46 | 16.77 |
| 2012 – 2013 | 19.04 | 15.62 |
| 2013 – 2014 | 16.91 | 14.84 |
| 2014 – 2015 | 17.01 | 14.16 |
| 2015 – 2016 | 23.36 | 13.65 |
| 2016 – 2017 | 25.98 | 12.29 |
| 2017 – 2018 | 17.01 | 6.33 |
| 2018 – 2019 | 15.49 | 5.71 |

**Source : Percentage of excise duties to tax revenue      Computed by the**
**Percentage of customs duties to tax revenue    Researcher**

Table – 6 compares the share of excise duty and customs duty in tax revenue. The percentage of excise duty tax revenue slightly decreases from 31.99 per cent in 1991 – 1992 to 15.49 per cent in 2018 – 2019. The percentage of customs duty in indirect tax has rapidly decreased from 44.45 per cent in 1991 – 1992 to 5.71 per cent in 2018 – 2019.

**TAX BUOYANCY:**

Tax Buoyancy explains the relationship between the changes in the governments' tax revenue and the changes in GDP. When a tax is buoyant, its revenue increases without increasing the tax rate.

**TABLE - 7**

**TAX BUOYANCY (1991 – 92 TO 2017 – 2018)**

| YEAR | Indirect Tax (Rs. in Crores) | GDP (Rs. in Crores) |
|---|---|---|
| 1991 – 1992 | 39966 | 613528 |
| 1992 – 1993 | 41969 | 703723 |
| 1993 – 1994 | 40927 | 817961 |
| 1994 – 1995 | 49045 | 955385 |
| 1995 – 1996 | 59652 | 1118586 |
| 1996 – 1997 | 68326 | 1301788 |
| 1997 – 1998 | 68500 | 1447613 |
| 1998 – 1999 | 75232 | 1668739 |
| 1999 – 2000 | 86836 | 1858205 |
| 2000 – 2001 | 87007 | 2000743 |
| 2001 – 2002 | 85828 | 2175260 |
| 2002 – 2003 | 96932 | 2343864 |
| 2003 – 2004 | 110392 | 2625819 |
| 2004 – 2005 | 128854 | 2971464 |
| 2005 – 2006 | 149572 | 3390503 |
| 2006 – 2007 | 181444 | 3953276 |

| | | |
|---|---|---|
| **2007 – 2008** | **207972** | **4582086** |
| **2008 – 2009** | **195169** | **5303567** |
| **2009 – 2010** | **184913** | **6108903** |
| **2010 – 2011** | **256367** | **7248860** |
| **2011 – 2012** | **286454** | **8391691** |
| **2012 – 2013** | **345292** | **9388876** |
| **2013 – 2014** | **360025** | **10472807** |
| **2014 – 2015** | **403085** | **11504279** |
| **2015 – 2016** | **494469** | **12574499** |
| **2016 – 2017** | **580085** | **13965200** |
| **2017 – 2018** | **636272** | **15505665** |
| **2018 – 2019** | **593719** | **17161213** |

**Source : 1. Absolute amount – Handbook of Statistics on Indian Economy**
**2. GDP - Handbook of Statistics on Indian Economy**
**3. Tax Buoyancy – Estimated by the researcher**

**The formula for Tax Buoyancy is** $= \dfrac{(T_1 - T_0)/T_0}{(Y_1 - Y_0)/Y_0}$

**Tax Buoyancy = 0.51**

Tax buoyancy means that if National income increases by one rupee, the tax amount increases to 0.51 paise. So the buoyancy is less than unity.

Hence our third hypothesis "Tax Buoyancy is less than unity" is proved.

**TABLE - 8**

**TAX BUOYANCY OF INDIA FROM 1991 – 92  TO 2018 – 2019**

| S.No. | Taxes | Buoyancy * |
|---|---|---|
| 1 | Tax Revenue | 0.94 |
| 2 | Direct Tax | 2.62 |
| 3 | Indirect Tax | 0.51 |
| 4 | Excise Duties | 0.44 |
| 5 | Customs Duties | 0.09 |

Source :  Computed by the Researcher.

In India tax buoyancy on indirect tax, excise duty and customs duty is less than unity. i.e) 0.94, 0.51, 0.44 and 0.09 respectively whereas Tax buoyancy of direct tax is greater than unity i.e) 2.62

## CONCLUSION :

In India, a study on indirect taxes during the post reform period found that the excise duty grows faster than the customs duty, the direct tax increased more rapidly than the indirect tax and the tax buoyancy is less than unity.

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