Chapter – 2
Review of Literature

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Chapter – 2

Review of Literature

2.0 Introduction:

In order to execute any research work, it is necessary to look back and to unveil what has been done till date in this particular research issue. In order to get the idea of the previous research done in the particular field, it is required to make the review of previous literature.

A review of literature is much more than just the bibliographical references. A good literature review surveys and critiques the body of literature available in the field of research. A good review of literature enables the researcher to put the research work in broader dimension, to synthesize the existing ideas and to identify the gap, if any.

2.1 What is a Review of Literature?

A review of literature is a critical, analytical account of the existing research on a particular topic.

According to University of Wisconsin Writing Center, “A literature review is a critical analysis of a segment of a published body of knowledge through summary, classification, and comparison of prior research studies, reviews of literature, and theoretical articles”.

According to University of Guelph, “A literature review is both a summary and explanation of the complete and current state of knowledge on a limited topic as found in academic books and journal articles”.

Thus, review of literature is an analytical and critical account of the existing research done in the particular field. It provides the path to the researcher to move ahead in his field of research work.

1 https://twp.duke.edu/uploads/assets/lit_review.pdf
2 http://www.lib.uoguelph.ca/assistance/writing_services/resources/components/documents/lit_review.pdf
2.2 **Elements of Good Literature Review:**

A good literature review should consist of following elements:

- Should describe the purpose of review.
- Should state the scope of review.
- Should make the critical evaluation of the literature.
- Should be pertinent to the field of research.
- Should provide the identification of the landmark and any seminal publication.
- Should state the gap in the existing literature which the researcher is targeting to address.
- Should specify the emergence of key trends, themes, controversies, if any.
- Should provide the identification of key authors.
- Should summarize the key theory and hypotheses.
- Should make critical appraisal of the methodologies used.
- Should formulate the questions that lead to further research.

2.3 **A Literature Review: What is and What is Not:**

From the following discussion, it will be clear what the review of literature actually is and what it is not:

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<tr>
<th>Review of Literature is</th>
<th>Review of Literature is not</th>
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<tr>
<td>It is a critical and analytical account</td>
<td>It is not a descriptive summary of existing literature</td>
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<tr>
<td>It is a synthesis of arguments presented by the others.</td>
<td>It is not the presentation of researcher’s own arguments.</td>
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<td>It is organized around ideas and arguments.</td>
<td>It is not organized as the bibliography.</td>
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<tr>
<td>It is the selection of writings in the relevant field.</td>
<td>It is not an account of every existing literature.</td>
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2.4 Review of Existing Literature:

In order to analyse the changes in the tax structure in India after economic reforms, the researcher has reviewed several articles, books, journals, magazines, Ph. D. Theses and dissertations. The review of literature for the present research work is presented as follows:

**Rao, G., (2000)** in his article titled, “Tax reforms in India: Achievements and Challenges”, has reviewed the reforms of tax structure in India. He argued that there are continuous changes in the tax system of countries for growth and development. He said that the reforms in tax structure in developing countries take place in order to accumulate revenue and to meet the fiscal crises. The developing countries under take tax reforms in order to meet the international competition also. He said that the tax reforms in India took place during the 1990s in order to tackle the crisis situation. He has divided his article in three sections. In the first section, he has discussed about the evolution of tax reforms. The second section talks about the reforms took place in India during 1990s. In the third section, he has discussed major shortcomings still prevailing in Indian tax system.

**Mitra, S., (2011),** has studied the tax system in India and reforms undertaken in the tax system. He argues that for the growth and development of any economy, sound tax system is required. It depends upon the manner in which the tax is administered and collected. It also reflects the relationship of public and state. He argues that the evolution of tax system reflects India’s development strategy, tax legislation, the institutional structure of tax administration and the role of information technology. The major direct taxes levied by the Centre are tax on personal and corporate income, excluding tax on agricultural income for which the authority to levy tax is with the states and wealth tax. The central government levies and collects indirect taxes such as custom duty, excise duty, service tax VAT, etc. A fixed amount of the taxes collected by the Centre given to the states, based on the recommendations of the Central Finance Commission which set up every five years.

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Sherawat, M., and Dhanda, U., (2015), have argued that GST is the biggest tax reform in India after 1947. They say that GST will unify the indirect taxes. In this article, they have studied the concept of GST, features of GST, advantages and challenges of GST and have furnished information for further research in GST. They say that, in India, there is dual system of GST, i.e. CGST and SGST. It means that both the central government and the state government will charge the tax. In some cases, IGST (Interstate GST) is also a component of GST. It is not an additional tax but it is a system to examine the interstate transactions of goods and services. Since GST is a destination based tax, it has to be assured that it should be received by the importer state5.

Ghuge, N., R., and Katdare, V., V., (2015), presented the view that the growth of an economy depends upon its tax structure, because tax is the main source of revenue for the nation. They have said that India needs a tax structure that leaves no chance for tax evasion and helps business to grow. In India, we have a well constructed system of taxation but there are still drawbacks in it. Our tax structure keeps on changing according to the requirements. Our tax structure needs to be free from black money, parallel economy, tax evasion, over reliance on indirect taxes, etc. Starting from 1990s, our country is on the path of drastic reforms in the tax structure and faster economic growth6.

Bernardi, L. and Fraschini, A., (2005), presented their view that India is a federal republic and it is highly populated and poor. For the last a few years, even after the deficit, the nation is making fast paced growth. The government has planned to introduce GST. Direct taxes are in the infant stage. The tax structure needs simplification of laws and procedures to make the administration and enforcement of the tax system more effective. They have argued that setting up of new task force for tax reforms and fiscal discipline, introduction of VAT and removal of unwanted taxes like octroi, central sales tax and state level sales tax etc. is required7.

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Nidheesh, K., B., (2010), stated that in 1991, we rationalized our tax structure. At the central level, we reduced the custom duty and excise duty and broadened the base of service tax. At the state level, we introduced VAT in 2005 after the delay of 10 years. The researcher argued that the main objective behind these reforms was to cope with the international market, increase investment in technology, and entrepreneurial development. The main aim of the reforms are macro-economic stability later it speeded to fiscal stabilization, industrial policy and foreign investment, trade and exchange rate policy, public sector policy, financial sector reform, agricultural reform, labour sector reform and tax reform. Rationalization in tax system improved investment and saving it will give rise to capital formation which helps for further development.

Gupta, R., (2013), has said that the personal income tax is very important source of revenue in India. She has argued that the personal income tax requires more reform in the form of broadening the exemption limits, lowering the tax rate, recognizing the different income tax slab and rationalize simplify overall tax procedure. She has, in her article, also argued that the tax burden is quite heavy on those who fall in the first tax bracket, which is portrayed in the form of corresponding high growth rate in tax burden. Higher dose of tax on low income is exposing inverse relationship between incomes earned by assesses and degree of tax imposed on them. Proper measures are needed on the part of tax administration to have low tax liability at lowest level so that people should act in accordance with tax law. The author has given some suggestions like basic exemption limit must be at moderate level. The author suggests that the tax slabs should be less in number but the range should be large so that the distortion can be minimized. The tax brackets required to be redesigned and tax tariff is needed to be reframed in such a way that high tax should be imposed on high income and lower income should be taxed with lower rates.

Rustagi, T., R., (1998), in his article, has given the definition of indirect tax as taxes levied on the basis of production sales or purchase of goods such as import or export duties, excise and sales tax. Indirect taxes include taxes levied on services, entertainment taxes, electricity duties, and the tax on passenger fares and freights.

They named as indirect tax as they can be passed on to someone else. He has presented his view that in India about 68% of total revenue of central government comes from the indirect taxes. He has argued that the indirect tax structure in India is very complicated. It was a composite mass of several rates punctuated with a large number of exemptions. In fact, more often, no single rate could be spotted as applicable directly to a given commodity. The rate would depend upon factors like process of manufacture, use of power, nature of input material used, end use of the product, etc. There are large number of exemptions, once exemptions are made, it would be a never ending process. The author has presented some suggestions that reform needs comprehensive computerization by excise and custom department. On custom side transparency of procedure is the needed to achieve modern standards and training of officials to change their mindset.

Vasanthgopal, R., (2011), has stated that the introduction of GST is a major reform in the tax structure in India. He has defined GST as a broad based single, comprehensive tax levied on goods and service at each point of sale of goods or provision of service the seller or service provider the input credit of tax which he had paid while purchasing the goods or availing the service, the final consumer will thus bear only the GST charged by the last dealer in the supply chain. He has said in his article that all central and state indirect taxes are included in GST which will reduce the multiplicity of taxes. GST is wider. It helps widening the tax base and will improve tax compliance. This will help in revenue generation. Several difficulties such as amendments in constitution, no consensus for the rate, problems of compensation, different models of tax, system of dispute resolution, etc. make implementation of GST difficult. The central government committed states to solve all problems for adoption of GST so that our economy prosper and face all competition problems. The author is of the view that GST will help remove tax evasion; it will increase GDP, indirect positive impact on direct tax collections, gain for the government on account of reduction in the price level. Flawless GST will help revenue generation of government. All these growth and development depends upon the neutral and rational design of GST, the switchover to a ‘flawless’ GST would be a

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big leap in the indirect taxation system and also give a new impetus to India’s economic change\textsuperscript{11}.

\textbf{Soni, K., S., (2014),} has presented his view that fiscal sector reforms are important for the macro economic development of a nation. These reforms include tax reforms, expenditure reforms and reforms in the borrowing pattern of the government. Fiscal reforms mean the proper utilization of financial resources of the government. In India, the fiscal policy is based on the constitution of the nation. The constitution has already made an arrangement for distribution of revenue between center and state. Fiscal policy use fiscal instruments to achieve their objectives. These fiscal instruments are taxation, expenditure and borrowing decision of government. Fiscal position of the central government is determined by its taxation policy. Fiscal reforms are undertaken through tax reforms. Tax reforms need a sound tax structure. Taxation reform is one of the key components of fiscal reforms. Important tax reforms undertaken by the central government from time to time related to the reduction in marginal tax rate. The union excise duty and custom duty need some changes\textsuperscript{12}.

\textbf{Jha, A., (2013),} has studied Indian tax structure and the objectives of this study are the effect of present tax structure on mode of financing of companies, to determine the present scenario and future prospects of reformed tax structure as per FRBMA Road Map and to suggest suitable measures for rationalizing corporate tax structure. The study finds out that there is a relationship between mode of financing and type of investment under the old tax system of 2005/06. tax structure which includes the distortions in financing and investment decision is not considered worthwhile and is not welcome and dependence relation increase if the reformed tax system under FRBMA is implemented\textsuperscript{13}.

\textbf{Nidheesh, K., B., (2010),} has stated that the main objective of tax reforms is to combine the lower rates of taxes with the broader base of tax in order to generate more tax revenue. He argued that this kind of tax reforms will ultimately reduce the tax burden and will remove the chances of tax distortions. He said that our tax


structure was reformed in 1991. In his paper, the author has provided the idea of various reforms undertaken in the tax structure of India in 1991. The author has presented his views on the reforms of tax system. He has also presented his suggestions about the changes to be made in the tax structure of India in order to make it more comprehensive and convenient.

Khurana, A., and Sharma, A., (2016), have discussed about the indirect tax reforms in India. In the initial pages of their article, they have presented the details about VAT, which was introduced in India in the year 2005. It was one of the major reforms in Indian Tax History. After that, the major tax reform is the introduction of GST in India. They have explained several benefits of GST such as GST would help to eliminate the cascading effects of production and distribution cost of goods and services. This will increase GDP and economic situation of the country. GST would eliminate the multiplicity of indirect taxation and organize all the indirect taxes which will be beneficial for manufacture and ultimate consumer. GST would be able to cover all the shortcomings of existing VAT system. It contains cascading effect of tax which adds to cost of goods and service through tax on tax which the consumer have to bear.

Kumari, A., (2014), has discussed the tax structure in India with the major focus on personal income tax. She has said that the personal income tax structure in India was quite complicated. There was a great tension between the tax payer and the tax collector because of irrational structure of tax. The tax rate, the tax base and tax slabs are unduly created. The tax reforms were urgently needed in order to make the tax system convenient. In 1991, there were major reforms in the Indian tax structure. In this article, the author has described the trends of personal income tax in India and has also reflected the present scenario of tax system as well as future prospects in India tax system. The author has also given suggestions for making Indian tax structure more rational.

Wadhan, L., and Pal, V., (2012), have focused on the major challenge of Indian tax structure i.e. tax evasion. They are of the view that the tax evasion causes the loss of revenue for the government; it damages the proper functioning of the public sector and threatens the efficiency of the economy. They have said that India is facing the severe problem of tax evasion. People avoid the taxes and uses unfair means of avoiding the tax. They say that the people hide huge amount of income in order to avoid the tax. This creates the parallel economy or the black economy. It is very imperative to curb this black money; otherwise the whole nation will have to suffer the dangers. The tax evasion is caused due to high rate of taxes, multiple taxes, inefficient tax authority, corruption at the public sector, etc. they have suggested that the government must try to create an environment that inspires the people to pay the tax regularly without hiding their income

Amarjothi, P., and Azhakarraja, C., (2013), “in their article, have given the overview about the tax payers in India. They have said that the India is a federal country and the powers are divided among the legislature, the judiciary and the execution. As per the constitution, the judiciary powers are divided between the state and the center. As per the constitution, the government has the rights to levy the taxes on the individuals as well as the organizations. This study is mainly focused on the Indian tax system and its history. The study also unveils the aspects related to the sources of revenue and removal of its economic inequality. The authors are of the view that the government should change the basic structure of the tax collection in order to curb the tax evasion. The authors argue that there is a lack of political will to collect efficient tax collection system

Tripathi, R., Sinha, A., and Agarwal, S., (2011), “have defined VAT as an indirect tax levied on goods and services. Since the application of VAT, there has been a question whether VAT is a boon or misery. The government has decided to introduce VAT to generate more revenue. The government decided to tax goods and services which can generate more revenue for the government. They argue that the rural people are charged more tax as compared to the urban people as they are provided with the subsidized food products, transportation, electricity, water, etc. and are

charged tax indirectly from their agricultural as well as non agricultural income. The authors argue that even after the advantages or disadvantages of the VAT, it is an important reform in the tax system of India. It is believed that VAT will bring prosperity and growth for the country\textsuperscript{19}.

**Akhand, Z., (2014)**, has reviewed the tax administration reforms in India. In his article, he has reviewed the reforms in the field of administration of tax. He has reviewed organizational structure, business process, and dispute resolution and tax payer service. He has suggested that the tax payers should be divided into two group viz., large and small tax payer and a functional structure should be established accordingly. He has also suggested integrating the direct tax and indirect tax to make the tax administration feasible. He has suggested developing E-system for the streamlining of collection and refund\textsuperscript{20}.

**Gurumurthi, S., (1999)**, in his article, explained the experience of gains in several federal economies, irrespective of the fact whether they are developed or developing. It explained the establishment of commodity taxation to two levels, the federal and provincial, in the context of introducing the VAT. The redistribution of the powers of taxation between the central/federal government and the states will depend on the situation and circumstances prevailing in each country and that no generalization may be possible with regard to assignment of specific taxes to the states. Internationally both personal and corporate income taxes are good for partial assignments, in large federations but the same cannot be said about a tax like the one on natural resources. Property taxes are assigned to sub national government, urban property taxes at municipal level, while the federal government levies and administers the tax on rural property. So it is necessary for each federal country to evolve its own system by applying the above principles\textsuperscript{21}.

**Vohra, S., M., (2015)**, “has analysed the situation of VAT in Gujarat. He said that VAT is a multipoint tax system which is the part of sales tax. He claims that the main reason behind the introduction of VAT was to increase the revenue collection and to


make the tax structure simple, transparent and easy to understand and to remove the cascading effect. VAT will reduce the tax evasion and will simplify the existing complex tax structure. He argues that the success of VAT depends on systematic organization audit, full acceptance by people, trained manpower, and sound and ethical decision making\textsuperscript{22}.

Khan, M., A., and Shadab, N., (2013), “have analyzed the impact of VAT in the major states of India. They say that the application of VAT will remove the local sales tax in all the states. VAT will make the tax system more transparent and efficient. It represents higher revenue efficiency and simple tax structure. It will remove cascading effect. It is a consumption based and applied on destination principle. They say that India has successfully implemented VAT but now the country wants to apply GST\textsuperscript{23}.

Singh, B., and Kumar, M., (2012), “have said that as Direct tax code concerned about the individual assessee, there are no changes in procedures of filing of return and other document with the income tax department. Exception limit up to Rs 2 lack will reduce tax department’s paper work. Direct tax code benefits low income group. Our individual tax payers are only 3.25 crore, which means that 2.75 crore people still are not paying taxes. It is a question of great concern to find out these 2.75 crore people. For revenue generation from income tax for maximum benefits suggestions were made to increase slab until a certain point and reduce tax rates, conceding effective measure to improve tax structure and economy. This will reduce revenue in short run but in long run it will encourage people to pay taxes which benefits whole economy\textsuperscript{24}.

Thimmaiah, G., (1994), “has argued that the government should bring reforms in the tax structure after the independence because the policy objectives of the government have changed after the independence. The government needs to bring a proper coordination of political, economic and fiscal relations between the center and the state. It suggested economic liberation which does not mean promoting centralized fiscal

process but it means leave the states free from day today interference and dependence on the central government.\textsuperscript{25}

**Banerjee, S., Banerjee, M., and Das, K., K., (2016),** “have tried to understand the Goods and Service Tax in India. The paper has also focused on the implication of GST in India. This paper has presented enough review of literature in order to provide the base for GST. The paper provides conclusive remarks on the state affairs of GST. The authors say that the application of GST will be beneficial for India. The GST will help in better utilization of resource and make the taxation system more environment friendly. At the point of sale the tax is collected for the center and the state. The tax is charged on manufacturing cost. It will divide the tax burden equally between manufacturing and service sector which helps to build a transparent and corruption free tax administration. All this give rise to revenue generation which will help for growth and development of the country.\textsuperscript{26}

**Joshi, V., P., (2015),** says that there is a requirement for reforms in excise duties so that it will be simple and transparent, tariffs need to be re-examined. To create a proper management information system and automating tax returns concerted efforts are necessary. Tax reforms should be systematic, a continuous process for proper competitive economy. Due to rate cuts in direct it shows an upward trend. Inability to bring in the hard-to-tax groups into the net has continued to exert pressure to increase the standard exemption limit deductions. Initiatives were required to for rationalizing saving incentives. It is important to broaden the tax base by minimizing tax concessions and preferences in case of corporate income tax. For revenue reasons government started to levying the minimum alternate tax.\textsuperscript{27}

**Singh, N., T., (2013),** has studied about the importance of fiscal reforms for maintaining balance between public and private sector. Its impact on the public finance of the union and state government to analyses the outcome of the different tax measures and public expenditure, to form a view of the effectiveness of fiscal reforms. Government is trying to maintain fiscal discipline in the Indian economy and

the Indian economy did it successfully at the national level there are some problems in the state level. Fiscal reform gives new vision and mission for the government both central and state towards competitiveness and efficient mode for managing the economy. For all this reforms research work is undertaken by special institutions or organizations of the government and RBI.

Aggarwal, P., K., (1991), has published a paper titled “Income inequality and elasticity of personal income Tax”. In this paper, the author has explained the reasons for inequalities in the distribution of income and wealth. The author has said that the inequality is the reason why there is elasticity in the personal income tax. The revenue of the government is elastic because of the inequality in the distribution of income and wealth. The author has suggested various ways of improving personal income tax structure in India. The author is of the view that the personal income tax structure is quite complicated and needs to be improved for getting compliance from more people.

Bagchi, A., and Rao, M., G., (1982), have discussed about the Non Corporate Income Tax in India in their paper titled “Elasticity of Non corporate Income Tax in India”. They have discussed various issues affecting the non corporate income tax in India. They have also discussed the nature of elasticity in this kind of tax. They have presented the reasons for such elasticity in the non corporate tax. They have suggested some reforms in the non corporate tax.

Blankson, S., (2007), has presented a paper titled “A Brief History of Taxation”. In this paper, the author has presented the history of taxation in the world. The author has given the outline of the evolution of the system of tax in the various regions. The author has said that the system of levying of tax from the people is as old as the civilization. The taxes are charged from the public in various forms. In some systems, the taxes were very burdensome for the common people.

Chand, S., N., (2008), has presented a chapter titled “Public finance”. In this chapter, the author has presented the theories of public finance. He has also presented various functions of the government in terms of managing the public finance. The government has special role for managing the public finance. The author defines public finance as the system of collecting revenue from the public and spending the same for the welfare of the public. The government plays this role in every economy. The growth of an economy depends on the efficiency of government in managing public finance.

Gopal, M., H., (1935), has presented a paper titled “Mauryan Public Finance”. In this paper, the researcher has studied the system of managing public finance in the Mauryan Dynasty. The author has also studied the system of tax collection during this dynasty. Various types of taxes that were prevailing during this time period are also referred by the author in his paper. The paper gives full idea about the system of managing public finance by the ruler of Mauryan Dynasty.

Kumar, N., (2006), in his paper titled “A frontier approach to Income tax revenue efficiency in selected Indian states” has discussed an approach for bringing efficiency in the income tax revenue in India. The researcher has focused on the system of collecting income tax in India. The author is of the view that the tax collection system of India is quite weak so it leaves the ways for tax evasion for the citizens. There are so many loop holes that the tax payers try to evade from it. The researcher claims that the loop holes in the system make the tax structure inefficient.

Mehrotra, H., C., and Goyal, S., P., (1995), have presented their views on Income Tax law and Practice including wealth & gift tax. They have focused on the major aspects of Income Tax law in India. They have also covered the wealth tax and gift tax as the part of direct taxes. The authors have given overview of all the three tax systems and have also discussed the reforms in these taxes.

32 Chand, S., N., (2008), “Public finance”, Atlantic publishers and Distributors (p) Ltd, New Delhi, PP., 76 to 87
Murty, M., N., (1987), has presented an article titled “Horizontal Equity and Choice between Income and Expenditure taxes”. In this article, the author has discussed the two types of tax systems, i.e. Income Tax and Expenditure Tax. The researcher has presented that the tax can be levied on the basis of income as well as on the basis of expenditure. The author has tried to explain both the systems in depth and has presented his views for the selection between these two tax systems.

Musgrave, R., A., and Musgrave, P., B., (1973), have given their views on “Public Finance in Theory in Practice”. The author has presented the theories of public finance. He has also presented various functions of the government in terms of managing the public finance. The government has special role for managing the public finance. The author defines public finance as the system of collecting revenue from the public and spending the same for the welfare of the public. The government plays this role in every economy. The growth of an economy depends on the efficiency of government in managing public finance.

Prasad, N., K., (2011), has discussed about Public finance. The author has presented the theories of public finance. He has also presented various functions of the government in terms of managing the public finance. The government has special role for managing the public finance. The author defines public finance as the system of collecting revenue from the public and spending the same for the welfare of the public. The government plays this role in every economy. The growth of an economy depends on the efficiency of government in managing public finance.

Samal, K., C., (1992), has presented a paper on “Tax Structure and Budgetary Trends”. In this paper, he has presented the trends of tax structure reforms and budgetary trends in India. The paper has discussed the situation of Indian economy in terms of budget and tax structure. Tax system is useful for generating the revenue for the government. The government utilizes this revenue for the welfare of the nation through the budget.

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Sarkar, S., (1997), has examined the responsiveness of Minimum Alternate Tax (MAT) in his paper titled “Corporate Income and Incidence of Corporate Taxation”. He has also analysed the buoyancy and elasticity of corporate tax. The researcher found that the corporate tax constitutes 1/5th of the national income in India. The researcher concluded that the overall corporate tax structure is not progressive and needs reforms. The structure needs to be strengthened and elimination of some deductions.

Shome, P., (1988), has attempted to study the elasticity of tax system in the developing country under the title “On the Elasticity of Developing Country Tax system”. The paper was with the special reference to Asia. The author has explained the measures to improve the tax revenue to meet the social, infrastructural and developmental expenditures without using the deficit financing.

Sidhu, A., S., (2003), studied the Direct Tax reforms in India post liberalization scenario with the study period of 1991-92 to 2000-01. He concluded that the direct tax reforms could not draw positive effects to the fiscal problems of the economy. The reduction in tax has not brought more compliance. The tax reforms have been successful to increase the number of assesse but have not increased the tax revenue of the government. The researcher has suggested reviewing the tax reform policy of the government to make the tax structure more effective.

Suresh, M., and Khan, N., A., (2011), have presented an article titled “Trends and Tax Buoyancy in Corporation Tax in Pre and post Liberalization periods in India”. They are of the view that the corporate activities and corporate tax have increased significantly after liberalization. The study shows that the contribution of corporation tax has increased significantly after that. The contribution of corporate tax is more to the total tax revenue of the central government as compared to excise duty, customs duty and personal income tax.

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Sury, M., M., (2008), has studied the Centre State Financial Relations in India 1870 to 2010. The author has provided the critical evaluation of tax relations between the central government and the state government during the period of study. The researcher has also presented an analytical account for the distribution of various tax revenues between the center and state. He has also discussed the point of taxation and welfare measures through the tax revenue. He has also reviewed the socio economic objectives of the society\textsuperscript{44}.

Buchler, A., G., (1932), has published a paper titled “General Sales Taxation – Its History and Development”. In this paper, he has discussed about the sales tax in India. The author has discussed the history and development of sales tax in India. The author has also presented his suggestions for the reforms in sales tax structure in India\textsuperscript{45}.

Singhania, V., K., and Signhania, M., (2005), have discussed about the income tax and CST under the title “Taxtman students guide to income tax including CST”. The book gives complete understanding of income tax as well as central sales tax in India. The authors have discussed the structure of income tax and sales tax in India. The book also gives some suggestions for the reforms in Income tax and Sales tax\textsuperscript{46}.

Niyogi, J., P., (1929), has presented a paper titled “The Evaluation of the Indian Tax”. In this paper the researcher has discussed the merits and demerits of tax system in India. The paper has presented some suggestions about the reforms in Indian tax system. The author is of the view that the tax structure should be modified in such a way that tax compliance can be increased\textsuperscript{47}.

Lal, B., B., (1979), in his book “Elements of Income Tax”, has discussed the various elements of income tax in India. He has said that the personal income tax structure in India was quite complicated. There was a great tension between the tax payer and the tax collector because of irrational structure of tax. The tax rate, the tax base and tax slabs are unduly created. The tax reforms were urgently needed in order to make the tax system convenient. In 1991, there were major reforms in the Indian tax structure.

\textsuperscript{44} Sury, M., M., (2008), “Centre State Financial Relations in India 1870 to 2010”, New Century publications, New Delhi, PP., 423 to 427
\textsuperscript{46} Singhania, V., K., and Signhania, M., (2005), “Taxtman students guide to income tax including CST”, Taxmann publication (p) Ltd., New Delhi, PP., 779-781
In this article, the author has described the trends of personal income tax in India and has also reflected the present scenario of tax system as well as future prospects in India tax system. The author has also given suggestions for making Indian tax structure more rational.

Palkhiwala, N., A., (1965), under title “Highest taxed Nation in the world”, has made a comparative study of tax structure in India with the other countries of the world. He found that the tax rates on individuals in India are the highest in the world. The tax rates need to be reduced in order to make the tax structure more effective. Because of the high rates of tax, there are more chances of tax evasion. The author has suggested that the government should try to reduce the tax rates.

Rajaraman, I., and Koshy, T., (1996) have presented a paper titled “A Minimum Alternative Asset Based corporate tax for India”. In this paper, the researchers have discussed MAT for the corporate tax. They have also analysed the buoyancy and elasticity of corporate tax. The researchers found that the corporate tax constitutes 1/5th of the national income in India. The researchers concluded that the overall corporate tax structure is not progressive and needs reforms. The structure needs to be strengthened and elimination of some.

2.5 Research Gap:

While reviewing the literature related to the taxation in India, the gap in the research was found as follows:

The previous researches in the field of taxation were focused either on the direct tax or indirect tax, but this researcher has covered both the tax system.

The existing research work focused on the limited time period, i.e. around five to ten years, but this research work covers a wide period starting from 1991-2017.


This research work focuses the changes in the tax structure after the economic reforms in India.

This research work focuses on all the elements of direct tax and indirect tax.

This research considers the goods and bad of both the direct tax and indirect tax in India.

The existing research work considers only on element of tax whereas this research work focuses on all the major elements of direct and indirect tax.

This research work focuses on the analysis of contribution of direct tax and indirect tax to the GDP of the nation.

This research work also analyses the nature of tax reforms and also provides the valuable suggestions about the reforms that are still required in the Indian tax system.