

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1489  
ANSWERED ON:16.07.2004  
LOW GROWTH TAX RATIO IN COMPARISON OF GDP  
Boianapalli Shri Vinod Kumar

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Union Government has expressed concern over the low growth tax ratio in comparison to the Gross Domestic Product and called for reversal of this trend;
- (b) if so, the details thereof and the action taken by the Government in this regard;
- (c) whether the experts have suggested that taxation system should be transparent and acceptable so that people pay voluntarily;
- (d) if so, the steps being proposed by the Government to simplify the taxation system so that all the people can easily pay taxes to the Government;
- (e) whether the Government has also decided to take firm action against those who are not paying the tax arrears; and
- (f) if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): Union Tax Revenue as a percentage of gross domestic product (at current market prices) since 1999-2000 are as under:

|           |       |
|-----------|-------|
| 1999-2000 | 8.9%  |
| 2000-2001 | 9.0%  |
| 2001-2002 | 8.2%  |
| 2002-20C3 | 8.8%  |
| 2003-20C4 | 9.2%# |

(#Provisional)

The Government has initiated a number of measures to increase Tax-GDP ratio by undertaking major tax reforms such as expanding the tax base, increasing tax compliance and making the tax administration more efficient.

(c) & (d): Rationalisation and simplification of Tax Laws is an ongoing process. The objective is to make such changes in tax laws, which are taxpayer-friendly, which include modernising the tax administration through widespread computerisation, facility of electronic-filing of returns, adoption of simplified returns, rationalisation of tax structure and simplification of procedures.

(e) & (f): Yes, Sir. The Government has decided to launch a special, multi-pronged drive to realise recoverable arrears, both in direct and indirect taxes.