

Tag: GS- II Government Budgeting.

1. Indian Tax Regime is under a Myriad of Structural Challenges. Critically Analyse.

Why this Question?

- ▶▶ Government missed its tax targets massively in the last fiscal year, largely because of poor goods and services tax (GST) collections. Its declared budgetary target for the current year requires tax receipts to increase by around 25%. In this context the government should now be desperate to raise more tax revenues.

Key Demands of Question:

- ▶▶ Explain the Indian taxation system.
- ▶▶ List out the structural challenges in the taxation policy.
- ▶▶ Write the way forward measures to tackle the structural problems.

Directive Word:

Critically Analyse:

- ▶▶ When asked to analyse, you have to examine methodically the structure or nature of the topic by separating it into component parts and present them as a whole in a summary. When 'critically' is suffixed or prefixed to a directive, one needs to look at the good and bad of the topic and give a fair judgement.
- ▶▶ Whenever it is asking Critically Examine, Critically Comment or Critically Analyse just remember that you have to write both pros and cons and give a fair, unbiased or value loaded judgement. It should always give a closure feeling while examiner reading the answer.

Structure of Answer:

Introduction:

- ▶▶ Give brief intro about Indian taxation regime and mention the structural challenges based on the facts and figures.

Body:

- ▶▶ Explain in detail about the Indian taxation system.
- ▶▶ List out the myriad of structural challenges. For example, tax evasion, regressive taxation, low direct taxation, etc.
- ▶▶ Mention the government interventions to address the challenges. For example GST implementation, single window interface for tax compliance, boosting digital economy, etc.
- ▶▶ Write down the way forward measures to increase tax compliance and boosting investment, etc.

Conclusion:

- ▶▶ Conclude with the way forward measures to address the myriad challenges in the tax regime.

