

CHAPTER VI  
CHANGE IN TAX BURDEN

Having discussed the burden of taxation by various income classes for the year 1975-76, an attempt is made in this chapter to find out changes in the distribution of tax burden by income classes for 1964-65, 1968-69 and 1975-76. Section I of this chapter deals with the change in the indirect tax burden, by various income classes while section II deals with the change in the direct tax burden. Section III shows the change in total burden (direct plus indirect taxes). In this context, it is necessary to state that the term "change in tax burden" implies a positive change, i.e. an increase in the tax burden. However, wherever there is a decrease in the tax burden the change is stated as 'negative' and is shown by a minus (-) sign.

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At the out set, it may be stated that the total indirect tax burden for the years 1964-65, 1968-69 and 1975-76 by various income classes for rural, urban and All-India (Rural plus Urban) is shown in Tables VI.1, VI.2 and VI.3 respectively. It may be seen from the tables that, on the average, the total burden of indirect

TABLE VI.1

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Burden of Indirect Taxation by Income Classes  
( 1964-65 )

Income Class Rs.	Amount of Tax				( In lakhs of Rupees )	
	Rural		Urban		All India ( Rural & Urban )	
0-1000	18660.43	( 4.79 )	1578.08	( 6.91 )	20238.51	( 4.92 )
1001-2000	12879.84	( 6.25 )	10572.57	( 11.05 )	23452.41	( 7.77 )
2001-3000	28703.28	( 6.61 )	16883.97	( 12.25 )	45587.25	( 7.97 )
3001-4000	9817.79	( 6.62 )	14572.53	( 13.91 )	23790.32	( 9.15 )
4001-5000	3329.66	( 5.90 )	3186.85	( 15.67 )	6515.51	( 8.48 )
5001-7000	2440.95	( 4.54 )	2925.65	( 11.68 )	5366.60	( 6.90 )
7001-10000	2860.21	( 5.83 )	2252.10	( 12.27 )	5112.31	( 7.58 )
10001-15000	1682.46	( 6.21 )	911.69	( 10.56 )	2594.15	( 7.27 )
15001-20000	1146.58	( 6.68 )	1647.08	( 9.33 )	2793.66	( 8.02 )
20001-30000	1189.59	( 7.79 )	675.95	( 8.80 )	1865.54	( 8.13 )
Over 30000	889.27	( 1.21 )	827.68	( 3.50 )	1716.95	( 1.75 )
Total	83046.65	( 5.68 )	56041.87	( 11.61 )	139088.52	( 7.15 )

source : Calculated on the basis of methodology explained in Chapter III

Note : 1. For tax-wise details see Appendix to Chapter III

ii. Figures in brackets are the effective tax rates.

iii. The sum totals of income classes may not add up to Total due to rounding off.

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TABLE VI.2

## Burden of Indirect Taxation by Income Classes.

(1968-69)

(In Lakhs of Rupees)

Income Class (Rs.)	Amount of tax		
	Rural	Urban	All India
(1)	(2)	(3)	(4)
0-1000	3340.47(5.09)	876.22(12.17)	4216.69(5.80)
1001-2000	28554.99(6.21)	9312.55(11.08)	37867.54(6.96)
2001-3000	37742.62(8.0)	13150.23(12.01)	50892.85(8.75)
3001-4000	28568.06(8.40)	21672.48(13.94)	50240.54(10.13)
4001-5000	12746.16(7.16)	11928.29(11.33)	24674.45(8.71)
5001-7000	8057.70(8.52)	7244.36(13.10)	15302.06(10.21)
7001-10000	6629.15(8.08)	5320.62(11.17)	11949.77(9.21)
10001-15000	4047.69(7.20)	3527.13(9.80)	7574.82(8.21)
15001-20000	1915.01(6.99)	1643.45(9.60)	3558.46(8.0)
20001-30000	1483.72(5.23)	1994.97(8.50)	3478.69(6.71)
Over 30000	1094.13(0.45)	2275.87(2.59)	3370.00(1.03)
Total	134125.39(6.56)	79088.48(10.85)	213213.87(7.69)

Source: Calculated on the basis of methodology explained in Chapter III.

Note: i) For tax wise details see Appendix to Chapter III  
 ii) Figures in brackets are the effective tax rates.  
 iii) The sum totals of income classes may not add up to Total due to rounding off.

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TABLE VI.3  
Burden of Indirect Taxation by  
Income Classes  
(1975-76)

(in lakhs of Rs.)			
Income Classes (Rs.)	Rural	Urban	All India (Rural & Urban)
1	2	3	4
0-1000	907.96 (8.84)	4976.96 (15.40)	5884.02 (13.82)
1001-2000	21707.48 (9.80)	4906.84 (19.45)	26614.32 (10.79)
2001-3000	76451.30 (11.09)	18191.09 (17.47)	94642.39 (11.93)
3001-4000	104823.45 (12.24)	43832.44 (19.36)	148655.89 (13.73)
4001-5000	102499.89 (11.97)	57940.44 (18.76)	160440.33 (13.77)
5001-7000	99630.26 (13.39)	69369.74 (18.32)	169000.00 (15.05)
7001-10000	16017.47 (10.82)	18965.24 (20.80)	34982.71 (14.63)
10001-15000	13363.55 (12.90)	9417.19 (20.11)	22780.74 (15.15)
15001-20000	3763.11 (10.66)	3307.43 (15.28)	7050.54 (12.41)
20001-30000	2701.25 (8.18)	2294.41 (11.84)	4995.66 (9.53)
Over 30000	1626.45 (0.77)	1024.74 (1.65)	2651.19 (0.97)
<b>TOTAL</b>	<b>443486.84 (11.35)</b>	<b>234219.88 (17.79)</b>	<b>677706.72 (12.97)</b>

Source : Calculated on the basis of methodology explained in Chapter III.

Note : i) For tax-wise details see Appendix to Chapter III.

ii) Figures in brackets are the effective tax rates.

iii) The sum totals of income classes may not add up to total due to rounding off.

taxation, has been on the increase since 1964-65. The average burden of indirect taxation is 7.15 percent of the income of the households for 1964-65, while the same has increased to 7.69 per cent for 1968-69 and to 12.97 percent for 1975-76. (see column 4 of Tables VI.1, VI.2 and VI.3) The heaviest burden is on the households falling into the income class with income ranging from Rs. 3001-4000 in 1964-65, and on those, falling into the income class with income ranging from Rs. 5001-7000 in 1968-69. And in 1975-76, the heaviest burden is on the households falling into the income class of Rs.10,001-15,000. This shows that during the period covered by the years 1964-65, 1968-69 and 1975-76, the heaviest burden of indirect taxation, has moved from the lower income households to the upper income households. However, one cannot judge the changing trends in the burden of taxation simply by taking into account the heaviest burden imposed by taxation on a particular income class as such. In order to find which income classes are subjected to more and more burden of taxation over the years covered by our study, it is necessary to take into account the change in tax burden over time with respect to the various income classes. In doing so, we have compared the tax burden of 1975-76 with that of 1964-65 and 1968-69. Tables VI.4, VI.5 and VI.6

TABLE VI.4

Change in the Burden of Indirect taxation by income classes for the

(RURAL)

Year	Rs. 0 - 1000	Rs. 1001- 2000	Rs. 2001- 3000	Rs. 3001- 4000	Rs. 4001- 5000	Rs. 5001- 7000	Rs. 7001- 10,000	Rs. 10,001- 15,000	Rs. 15,001- 20,000	Rs. 20,001- 30,000
1	2	3	4	5	6	7	8	9	10	11
1975-76	8.84	9.80	11.09	12.24	11.97	13.39	10.82	12.90	10.66	8.18
1968-69	5.09	6.21	8.00	8.40	7.16	8.52	8.08	7.20	6.99	5.23
1964-65	4.79	6.25	6.61	6.62	5.90	4.54	5.83	6.21	6.68	7.79
Change over 1964-65	4.05	3.55	4.48	5.62	6.07	8.85	5.99	6.69	6.02	0.39
Change over 1968-69	3.75	3.59	3.09	3.84	4.81	4.87	2.74	5.70	3.67	2.95

Source : Tables VI.1, VI.2 and VI.3

Note : Taxes are expressed as percentages of Personal income.

TABLE VI. 5

Change in Burden of Indirect taxation by income class for the years  
1964-65, 1968-69, and 1975-76.

Urban

Year	Rs. 0-1000	Rs. 1001-2000	Rs. 2001-3000	Rs. 3001-4000	Rs. 4001-5000	Rs. 5001-7000	Rs. 7001-10000	Rs. 10000-15000	Rs. 15000-20000	Rs. 20000-30000	Above 30000	Total
1964-65	8.49	8.40	5.22	5.45	3.09	6.64	8.53	9.55	5.95	3.04 (-)	1.85	6.18
1968-69	3.23	8.37	5.46	5.42	7.43	5.22	9.63	10.31	5.68	3.34 (-)	0.94	6.94
Change over 1968-69												
1975-76	15.40	19.45	17.47	19.36	18.76	18.32	20.80	20.11	15.28	11.84	1.65	17.79
1968-69	12.17	11.08	12.01	13.94	11.33	13.10	11.17	9.80	9.60	8.50	2.59	10.85
Change over 1968-69	6.91	11.05	12.25	13.91	15.67	11.68	12.27	10.56	9.33	8.80	3.50	11.61

Source : Tables VI . 1, VI.2 and VI.3

Note : Taxes are expressed as percentages of personnel income

TABLE VI. 6  
Change in Burden of Indirect Taxation, by Income classes for the year  
1964-65, 1968-69 and 1975-76  
All-India

Year	Rs.0-1000	Rs.1001-2000	Rs.2001-3000	Rs.3001-4000	Rs.4001-5000	Rs.5001-7000	Rs.7001-10000	Rs.10001-15000	Rs.15001-20000	Rs.20001-30000	Rs.above 30000	Total
1975-76	13.82	10.79	11.93	13.73	13.77	15.05	14.63	15.15	12.41	9.53	0.97	12.97
1968-69	5.80	6.96	8.75	10.13	8.71	10.21	9.21	8.21	8.00	6.71	1.03	7.69
1964-65	4.92	7.77	7.97	9.75	8.48	6.80	7.58	7.27	8.02	8.13	1.75	7.15
Change over 1964-65	8.90	3.02	3.96	3.98	5.29	8.25	7.05	7.88	4.39	1.40 (-)	0.78	5.82
Change over 1968-69	8.02	3.83	3.18	3.60	5.06	4.84	5.42	6.94	4.41	2.82 (-)	0.06	5.28

Source: Tables VI.1, VI.2 and VI.3.

Note: Taxes are expressed as percentages of personal income.



show the change in the burden of taxation for various income classes for rural, urban and All India.

Rural :

Table VI.4 shows the change in burden of indirect taxation in 1975-76 over 1964-65 and 1968-69 for the same income classes. It may be seen from it that for all the income classes, the burden in 1975-76 is greater than the burden in 1964-65, except for the top most income class having income 'above Rs.30,000'. For this top most income class the change in tax burden is negative. In other words, the households belonging to this income class are paying lesser percentage of their income towards indirect taxes in 1975-76 than what they were paying in 1964-65. It may also be seen that compared with the burden of 1964-65, the households falling into the income class of Rs. 5001-7000 are bearing the heaviest burden in 1975-76. The change in burden is 8.85 percentage points for this income class. (see table VI.4). The change in average burden between 1975-76 and 1964-65 is 5.67 percentage points. It may further be noticed that the change in tax burden, (compared to 1964-65 position) is more than the change in the average burden, for the households belonging to the income classes namely Rs. 3001-4000, Rs. 4001-5000, Rs. 5001-7000, Rs. 7000-10,000, Rs. 10,001-15,000, Rs.15,001-20,000.

If we compare the tax burden of 1975-76 with that of 1968-69, the change in burden is the greatest for those households falling into the income class Rs. 10,001 - 15,000. Here again, the change in burden is the least (i.e. 0.32 percentage points) for the households belonging to the top most income class above Rs. 30,000/-. The change in average burden is 4.79 percentage points. The households falling into the income class of Rs. 4001 - 5000, Rs. 5001 - 7000, Rs. 10,001 - 15,000, are having a greater change in their tax burden than the average change in burden. All this analysis sufficiently establishes that the change in burden of indirect taxation in rural areas has been on the increase for the period from 1964-65 to 1975-76. The worst hit are the middle income groups, whose change in the tax burden is more than that of the lower income or upper income groups.

Urban :

On the same analogy, the change in the burden of taxation, for various income classes is shown in Table VI.5. It may be seen from it that the change in tax burden is the greatest for households belonging to the income class of Rs. 10,001 - 15,000. The households are

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paying 9.55 per cent more of their personal income in 1975-76 compared to 1964-65. The change in tax burden is negative with respect to the households belonging to the top most income class, viz. Rs. 30,000 and above. The lower as well as middle income classes have greater change in tax burden than the top most income classes. If change in tax burden is compared with that of 1968-69 burden, it is again interesting to notice that the lower and middle income classes have greater change in their burden than the upper most income classes. It may be seen that the least change in tax burden is for the households falling into the topmost income class above Rs. 30,000. The urban picture <sup>shows</sup> ~~above~~ that the burden of indirect taxation is regressive for the upper income classes as is seen from the change in tax burden for the years, covered by our study.

All India :

What would be the position if the change in tax burden by various income classes, is looked at All-India level (rural plus urban) ? Table VI.6 shows that the change in tax burden compared to 1964-65 is the heaviest for the lowest income class. The change in the tax burden of some of the middle income classes, such as

Rs. 5001 - 7000, Rs. 7001 - 10,000 and Rs. 10,001-15,000 is greater than the change in the average burden. It may be seen that the upper most income class is paying 0.97 per cent of its income towards indirect taxes in 1975-76, while the same was 1.03 per cent in 1968-69 and 1.75 per cent in 1964-65. If the change in tax burden is compared with the position in 1968-69, it reveals that the households having income Rs. 0-1000 are the worst hit among all the households. Further, it may be observed that the middle income classes belonging to the income classes of Rs. 7001 - 10,000 and Rs. 10,001 - 15,000 have greater change in their tax burdens than the change in average burden.

From the change in tax burden in respect of rural, urban and all India, (by various income classes) it is clear that the burden of indirect taxation has been increasing more and more on the lower and middle income classes than on the upper income classes.

Change in Tax Burden by Type of Taxes:

Now, it may be interesting to know the change in burden of indirect taxation by type of certain important indirect taxes. Table VI.7 shows change in burden of indirect taxation by type of important taxes,

## Change in the Burden of Indirect Taxation, by Type of Important Taxes (Rupee)

Tax/Year	Rs.0-1000	Rs.1001-2000	Rs.2001-3000	Rs.3001-4000	Rs.4001-5000	Rs.5001-6000	Rs.6001-7000	Rs.7001-10000	Rs.10001-15000	Rs.15001-20000	Rs.20001-30000	Above 30000	Total
<b>1. Union Excise Duties</b>													
1975-76	4.22	4.38	5.35	5.76	5.34	6.03	4.97	5.91	4.80	3.75	0.35	5.25	
1968-69	2.46	3.24	4.05	4.36	3.32	3.93	3.89	3.48	2.39	2.46	0.22	3.30	
1964-65	2.36	3.05	3.20	3.21	2.21	1.68	2.11	2.28	2.47	2.83	0.44	2.65	
Change over 1964-65	1.86	1.36	2.15	2.55	3.13	4.35	2.86	3.63	2.33	0.92	(-)0.09	2.60	
Change over 1968-69	1.76	1.64	1.30	1.40	2.02	2.10	1.08	2.43	1.41	1.29	0.13	1.95	
<b>2. Import Duties</b>													
1975-76	1.08	1.12	1.36	1.70	1.83	1.68	1.37	1.63	1.35	1.03	0.09	1.52	
1968-69	0.54	0.53	0.63	0.77	0.83	0.92	0.84	0.75	0.73	0.72	0.05	0.60	
1964-65	0.91	1.06	1.09	1.13	1.05	0.80	0.99	1.14	1.24	1.42	0.22	0.99	
Change over 1964-65	0.17	0.06	0.27	0.57	0.83	0.88	0.38	0.49	0.11	(-)0.39	(-)0.23	0.53	
Change over 1968-69	0.54	0.59	0.73	0.93	1.00	0.76	0.53	0.88	0.62	0.31	0.04	0.92	
<b>3. Sales Tax</b>													
1975-76	2.17	2.43	3.02	3.36	3.02	3.48	2.77	3.29	2.72	2.09	0.20	2.98	
1968-69	0.92	1.37	2.07	2.05	1.19	1.47	1.29	1.13	1.08	0.79	0.07	1.44	
1964-65	0.79	1.25	1.46	1.49	0.80	0.84	0.82	0.80	0.94	1.09	0.17	1.09	
Change over 1964-65	1.38	1.18	1.66	1.87	2.22	2.84	1.95	2.49	1.78	1.00	0.03	1.89	
Change over 1968-69	0.25	1.06	0.95	1.81	1.83	2.01	1.52	2.16	1.64	1.30	0.13	1.54	

Source: See Appendix Tables to Chapter III.

Note: Taxes are expressed as percentages of personal income.

such as Union excise duties, Import duties and Sales tax.

Union Excise Duties :

In rural area, the average burden of Union excise on all the households is 5.25 per cent in 1975-76 while it was 2.65 per cent in 1964-65. Therefore, the change in average burden is  $(5.25 - 2.65 = 2.60)$  2.60 percentage points. If compared with the burden of Union excise in 1963-69, the change in average burden comes to  $(5.25 - 3.30 = 1.95)$  1.95 percentage points. It may be seen from Table VI.7 that the change in burden of Union excise duties, is the greatest for the households belonging to income class of Rs.5001 - 7000, compared to the burden borne by them in 1964-65. The households falling into the income classes of Rs. 4001 - 5000; Rs. 5001 - 7000; Rs.7001 - 10000 and Rs. 10001 - 15000 are having greater change in tax burden than the change in average burden. If the burden of excise duties in 1975-76 is compared with that of the position in 1963-69, it may be seen that the change in tax burden is the greatest for the households with income ranging from Rs. 10,001 - 15,000. It can also be seen that the households falling into the income classes of Rs.4001 - 5000; Rs.5001 - 7000 and Rs.10,001 - 15,000 are the worst hit, as the change in tax burden is greater than the change in average burden.

Even if the burden of Union Excise duties of 1975-76 is compared with 1964-65 or 1968-69, it is clear that the middle income classes, with incomes above Rs. 4000/- and below Rs. 15,000/- are subjected to heavy burden. On the contrary, it may be seen that the change in burden of Union excise duties is least or negative for the upper most income class above Rs. 30,000 (i.e. 0.13 percentage points when compared with 1968-69 burden and (-) 0.09 percentage points when compared with 1964-65 burden). This means the burden of Union excise duties for the upper income classes is regressive.

Urban :

If change in the burden of union excise duties is considered for Urban area, what trends could be seen? And which income classes are the worst hit? TABLE VI.8 shows that average burden of Union excise duties in urban area has increased from 5.22 percent of household income in, 1964-65 to 7.59 percent in 1975-76 (i.e.  $7.59 - 5.22 = 2.37$ ). It implies that change in the burden of Union excise duties, on average, is 2.37 percentage points, when compared with 1964-65 position. If the burden of 1975-76 is compared with 1968-69, it shows that the average burden of union excise duties has increased by 2.34 percentage points. If the change in burden of Union excise duties by income class is considered, it can be seen that the households belonging to the income class of Rs. 10,001 - 15,000 are the worst sufferers, compared to the other income classes

TABLE VI. 8

Change in the burden of indirect taxation, by type of important taxes, (Urban)

Tax/year	Rs. 0-1000	Rs. 1001-2000	Rs. 2001-3000	Rs. 3001-4000	Rs. 4001-5000	Rs. 5001-7000	Rs. 7001-10000	Rs. 10001-15000	Rs. 15001-20000
<b>1. Union Excise duties</b>									
1975-76	7.02	9.34	8.17	8.58	7.78	7.60	8.61	8.37	6.36
1968-69	4.14	5.88	6.42	7.40	4.79	5.43	4.85	4.30	4.22
1964-65	3.39	5.40	6.00	6.62	5.58	3.65	3.80	3.31	2.92
Change over 1964-65	3.63	3.94	2.17	1.96	2.20	3.95	4.81	5.06	3.44
Change over 1968-69	2.88	3.46	1.75	1.18	2.99	2.17	3.76	4.07	2.14
<b>2. Import Duties</b>									
1975-76	2.02	2.43	2.45	2.91	3.08	2.36	2.54	2.45	1.86
1968-69	0.76	0.92	1.17	1.32	1.15	1.25	0.98	0.86	0.84
1964-65	1.41	1.73	2.09	2.51	3.17	1.71	1.86	1.57	1.41
Change over 1964-65	0.61	0.70	0.36	0.40	(-0.09)	0.65	0.68	0.88	0.45
Change over 1968-69	1.26	1.51	1.28	1.59	1.93	1.11	1.56	1.59	1.02
<b>3. <sup>Sales</sup> Subsidy tax</b>									
1975-76	3.26	4.57	4.24	4.85	4.12	4.32	4.79	4.69	3.57
1968-69	1.40	2.55	2.66	3.01	1.50	2.03	1.50	1.30	1.27
1964-65	1.17	2.22	2.44	2.58	1.72	1.39	1.39	1.20	1.02
Change over 1964-65	2.09	2.35	1.80	2.27	2.40	2.93	3.40	3.49	2.55
Change over 1968-69	1.86	2.02	1.58	1.84	2.62	2.29	3.29	3.39	2.30

Source: See Appendix Tables to Chapter III

Note: Taxes are expressed as percentages of personal income



It may also be seen that the change in the burden of union excise duties is greater than the change in average burden for many income classes except a few. Regarding the change in the burden of union excise duties, with regard to the households belonging to the income class of above Rs.30,000, it may be stated that this class is having negative change. In other words, the burden in 1975-76 is reduced compared to the one borne by them in 1964-65 or 1968-69. In urban area, as seen from table VI.8, the change in the burden of union excise duties is more on the lower and middle income classes.

To be more specific, the burden of union excise duties is more and more increasing on the middle income classes in rural area and on the middle income classes as well as on the lower income classes in urban area. (see table VI.7 and VI.8)

Import Duties :

In rural area, it may be seen from Table VI.7, that the change in average burden of imports is 0.53 percentage points higher when compared with the average burden in 1964-65 and 0.92 percentage points higher when compared with the average burden in 1968-69. Here again, just like the union excise duties, it may be observed that the middle income households having income of Rs. 3001 - 4000, Rs. 4001 - 5000, Rs.5001 - 7000 are the worst hit

(as the change in the burden of import duties is quite high for these income classes). The change in the burden is the least for the uppermost income class (i.e. above Rs.30,000). The change in the burden is the highest for the income class of Rs.5001 - 7000, when compared with the burden of 1964-65 and for the income class of Rs.4001 - 5000; when compared with the burden of 1968-69.

In urban area, it may be seen from Table VI.8 that the change in average burden of imports is 0.55 percentage points higher when compared with the average burden in 1964-65 and 1.51 percentage points higher, when compared with the average burden in 1968-69. The burden of imports has come down for the households belonging to the uppermost income class (i.e. above Rs.30,000) during the period 1964-65 to 1975-76. The change in tax burden is negative, in the sense that these households pay a lesser proportion of their income towards import duties than what they were paying in 1964-65 or 1968-69. The change in burden is more predominant for the households falling into the income classes of lower and middle income classes rather than for the households falling into the uppermost income classes. Therefore, in urban as well as in rural areas, it has been noticed that import duties are regressive for the upper income classes. (In other words, lesser and lesser percentage

of income is paid for import duties with more and more increase in the income of the households belonging to upper income classes).

Sales Tax:

Another important indirect tax for which we have measured the change in the tax burden by various income classes for the years 1975-76, 1968-69 and 1964-65 is Sales tax. In rural area, it may be seen from table VI.7 that the average burden of sales tax has increased by 1.89 per centage points, when compared with the average burden of 1964-65 and 1.54 percentage points when compared with that of 1968-69. The change in sales tax burden is greater than the change of average burden for the households falling into the income ranges of Rs. 4001-5000, Rs. 5001-7000, Rs. 7001- 10,000, and Rs. 10,001-15,000, when the comparisons of burden are made between 1975-76 and 1964-65. The change in tax burden is the heaviest for the households falling into the income class of Rs. 5001 - 7000 and the least for the households falling into the uppermost income class (i.e. above Rs. 30,000). If comparison of sales tax burden is made between 1975-76 and 1968-69, it may be seen that the change in the burden is the heaviest for the households falling into the income class of Rs. 10,001 - 15,000. The burden of sales tax has increased for the households with incomes falling into Rs. 4001 - 5000; Rs. 5001-7000; Rs. 10,001 - 15,000; and Rs. 15,001- 20,000 during the period covered

by our study. The change in tax burden is greater than the change in average burden for these income classes. For the upper income classes with above Rs. 15,000/- or Rs. 20,000/- household income, the change in sales tax burden is less than the change in average burden. This shows that the burden of sales tax has been regressive for the upper income classes during the period 1964-65 to 1975-76.

Now, let us look at the change in sales tax burden for the urban households, for the years 1964-65, 1968-69 and 1975-76. The burden of sales tax on average has increased by 2.12 percentage points between 1975-76 and 1964-65 and 2.15 percentage points between 1975-76 and 1968-69. (see Table VI.8) If sales tax burden is compared between 1975-76 and 1964-65 it may be noticed that the change in sales tax burden is greater than the change in average burden in respect of almost all income classes except the uppermost two income classes i.e. Rs. '20,001 - 30,000' and 'Above Rs. 30,000' and one of the lower income classes i.e. Rs. 2001 - 3000.

If comparison of sales tax burden between 1975-76 and 1968-69 is made, it is seen that the households belonging to Rs. 1001 - 2000; Rs. 4001 - 5000; Rs. 5001 - 7000; Rs. 7001 - 10,000; Rs. 10,001 - 15,000; and Rs. 15,001 - 20,000 income classes are the worst hit. The change in sales tax burden for these income classes is greater than the change in the average burden. The change in sales tax burden is the

heaviest for the households having income of Rs.10,001 - 15,000. In other words, these households have experienced a greater change in the burden of sales tax between 1964-65 and 1975-76.

## II

### CHANGE IN THE TAX BURDEN OF DIRECT TAXES

Having discussed the change in the burden of indirect taxation, by various income classes for the years 1964-65, 1968-69 and 1975-76, a similar attempt is made here with respect to direct tax burden. Tables VI.9, VI.10 and VI.11 show the burden of direct taxes, by various income classes for the years 1964-65, 1968-69 and 1975-76 respectively. Here also, tax burden of 1975-76 is compared with that of 1964-65 and 1968-69.

It may be seen from the tables VI.9, VI.10 and VI.11 that the direct tax burden, on average, has not very much substantially changed during the years 1964-65, 1968-69 and 1975-76. The total average burden has increased only by 0.20 percentage points between the years 1968-69 and 1964-65 and decreased by 0.09 percentage points between the years 1975-76 and 1968-69. Tables VI.12, VI.13, VI.14 and VI.15 show the change in direct tax burden by various income classes for the years 1964-65, 1968-69 and 1975-76 for rural, urban and All India (Rural plus Urban).

TABLE VI.9

Burden of direct taxation by income classes  
(1964-65)

(In Lakhs of Rupees)

Income class (Rs.)	Rural	Urban	All India
1	2	3	4
0 - 1000	3376.06 (1.00)	188.87 (0.82)	4064.93 (0.99)
1001 - 2000	3296.51 (1.60)	779.86 (0.82)	4076.37 (1.35)
2001 - 3000	7743.74 (1.78)	959.32 (0.70)	8703.06 (1.52)
3001 - 4000	2517.27 (1.31)	762.81 (0.73)	3280.08 (1.34)
4001 - 5000	1189.63 (2.10)	232.12 (1.14)	1421.75 (1.85)
5001 - 7000	930.13 (1.82)	555.05 (2.22)	1535.18 (1.95)
7001 - 10000	993.23 (2.02)	1321.91 (7.20)	2315.19 (3.43)
10001 - 15000	377.96 (1.39)	2187.99 (25.34)	2565.95 (7.18)
15001 - 20000	143.39 (0.33)	2171.08 (12.30)	2314.47 (6.65)
20001 - 30000	145.04 (0.95)	2557.73 (33.32)	2702.77 (11.73)
Over 30000	1265.26 (1.70)	10605.36 (44.30)	11870.62 (12.11)
Total	22519.23 (1.54)	22322.04 (4.62)	44841.32 (2.31)

Source : Calculated on the basis of methodology explained in Chapter IV.

Note : (i) For tax-wise details, see Appendix to Chapter IV.

(ii) Figures in brackets are the effective tax rates.

(iii) The sum totals of income classes may not add up to total due to rounding off.

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TABLE VI.10

Burden of Direct Taxation by Income Classes  
(1968-69)

Income Class (Rs.)	Rural	Urban	All India
1	2	3	4
0 - 1000	653.27 (1.0)	157.68 (2.19)	810.95 (1.12)
1001 - 2000	5269.01 (1.15)	1803.91 (2.15)	7072.92 (1.30)
2001 - 3000	7960.87 (1.69)	2010.55 (1.84)	9971.42 (1.72)
3001 - 4000	6380.67 (1.87)	2781.98 (1.79)	9162.65 (1.85)
4001 - 5000	<del>3532.33</del> (2.92)	1742.47 (1.65)	5274.86 (1.86)
5001 - 7000	2027.63 (2.14)	1012.21 (1.83)	3039.84 (2.03)
7001 - 10000	1501.73 (1.83)	1470.40 (3.08)	2972.13 (2.29)
10001 - 15000	858.68 (1.52)	3577.00 (9.94)	4435.68 (4.81)
15001 - 20000	458.23 (1.67)	2914.99 (17.04)	3373.22 (7.58)
20001 - 30000	272.83 (0.96)	4669.93 (19.89)	4942.76 (9.54)
Over 30000	1233.12 (0.51)	17375.20 (19.76)	18608.32 (5.66)
Total	30151.56 (1.47)	39515.67 (5.42)	69667.23 (2.51)

Source: Calculated on the basis of methodology explained in Chapter IV.

- Note :
- (i) For tax-wise details, see Appendix to Chapter IV.
  - (ii) Figures in brackets are the effective tax rates.
  - (iii) The same totals of income classes may not add up to total due to rounding off.

T A B L E VI.II

Burden of Direct Taxation by Income Classes

( 1975 - 76 )

( In lakhs of Rupees )

Income Class Rs.	Rural		Urban		All India	
0-1000	83.37	(0.81)	618.90	(1.92)	702.27	(1.65)
1001-2000	1682.11	(0.76)	477.71	(1.89)	2159.82	(0.88)
2001-3000	6422.80	(0.93)	1646.65	(1.58)	8069.45	(1.02)
3001-4000	11935.49	(1.40)	3766.58	(1.66)	15702.07	(1.45)
4001-5000	15059.75	(1.76)	5178.94	(1.68)	20238.69	(1.74)
5001-7000	15491.37	(2.08)	5398.29	(1.58)	21389.66	(1.90)
7001-10000	2964.08	(2.00)	1815.42	(1.99)	4779.50	(2.00)
10001-15000	2514.27	(2.42)	3093.30	(6.60)	5607.47	(3.73)
15001-20000	795.41	(2.25)	3640.54	(16.82)	4435.95	(7.79)
20001-30000	458.60	(1.39)	6488.15	(33.49)	6946.75	(13.25)
Over 30000	3234.31	(1.53)	32908.33	(52.34)	36142.64	(13.23)
Total	60632.76	(1.55)	65601.73	(4.98)	126234.49	(2.42)

Source: Calculated on the basis of methodology explained in Chapter IV.

Note : i) For Tax-wise details see Appendix  
(i) to Chapter IV.

ii) Figures in brackets are the effective tax rates.

iii) The sum totals of income classes may not add up to Total due to rounding off.





TABLE VI.13

Changes in the tax burden of direct taxes, (Urban)

Year	Rs.0-1000	Rs.1001-2000	Rs.2001-3000	Rs.3001-4000	Rs.4001-5000	Rs.5001-7000	Rs.7001-10000	Rs.10001-15000	Rs.15001-20000	Rs.20001-30000	Above 30000	Total
1975-76	1.92	1.89	1.58	1.66	1.68	1.58	1.99	6.60	16.82	33.49	52.84	4.98
1968-69	2.19	2.15	1.34	1.79	1.65	1.83	3.08	9.94	17.04	19.89	19.76	5.42
1964-65	0.82	0.82	0.70	0.73	1.14	2.22	7.20	25.34	12.30	33.32	44.80	4.62
Change over												
1964-65	1.10	1.07	0.88	0.93	0.54	0.64	5.21	18.74	4.52	0.17	8.04	0.36
Change over												
1968-69	0.27	0.26	0.26	0.13	0.03	0.25	1.09	3.34	0.22	13.60	33.08	0.44

Source : Tables VI.9, VI.10, and VI.11

Note : Taxes are expressed as percentages of personal income

TABLE VI. 12

Change in Direct tax burden during the years  
1964-65, 1968-69 and 1975-76 (Rural)

Year	Rs. 0-1000	Rs. 1001-2000	Rs. 2001-3000	Rs. 3001-4000	Rs. 4001-5000	Rs. 5001-7000	Rs. 7001-10000	Rs. 10001-15000	Rs. 15001-20000	Rs. 20001-30000	Rs. above 30000	Total
1975-76	0.81	0.76	0.93	1.40	1.76	2.08	2.00	2.42	2.25	1.39	1.53	1.55
1968-69	1.0	1.15	1.69	1.87	1.99	2.14	1.83	1.52	1.67	0.96	0.51	1.47
1964-65	1.0	1.60	1.78	1.81	2.10	1.82	2.02	1.39	0.83	0.95	1.70	1.54
Change over 1964-65	(-)0.19	(-)0.84	(-)0.85	(-)0.41	(-)0.34	(+)0.26	(-)0.02	(+)1.03	(+)1.42	(+)0.44	(-)0.47	0.01
Change over 1968-69	(-)0.19	(-)0.39	(-)0.76	(-)0.47	(-)0.23	(-)0.06	(+)0.17	(+)0.90	(+)0.58	(+)0.43	(+)1.06	0.08

Source : Tables VI.9, VI.10 and VI.11

Note : Taxes are expressed as percentages of personnel income

Rural :

In rural area, the average burden of direct taxes has increased only marginally in 1975-76, compared with that of 1964-65 and 1968-69. It may be seen from Table VI.12 that the average burden (all classes taken together) has increased by 0.01 percentage points compared with that of 1964-65 and 0.08 percentage points, compared with that of 1968-69. When the burden of direct taxes by various income classes in 1975-76 is compared with that of in 1964-65, it is found that the burden has declined significantly for the households falling into the income classes of Rs. 0 - 1000; Rs. 1001 - 2000; Rs. 2001 - 3000; Rs. 3001 - 4000 and Rs. 4001 - 5000. For all these income classes, the change in the indirect tax burden showed negative values, which implies a reduction in the burden in 1975-76 compared with 1964-65. The change in the direct tax burden is significantly greater for two income classes with Rs. 10,001 - 15,000; and Rs. 15,001 - 20,000. It implies that the households falling into these two income classes are the worst hit by direct taxes.

It may also be seen that compared to the burden borne in 1964-65, the highest income class with income above Rs. 30,000 is bearing a lesser burden in 1975-76. There is a reduction of burden by 0.17 percentage points to this income class in 1975-76, compared with the position in 1964-65.

Even if the burden of direct taxes in 1975-76 is compared with that of the position in 1968-69, it may be observed that there is a fall in the tax burden for all the income classes starting from Rs. 0-1000 to Rs. 5001-7000. Beyond the income level of Rs. 7000/-, however, there is an increase in the change of tax burdens. The households falling into the income classes of Rs. 10001-15000; Rs. 15001- 20000; Rs. 20,000<sup>- 30,000</sup> and above Rs. 30000 are paying more percentage of their incomes towards direct taxes in 1975-76 than what they had paid in 1968-69.

Urban :

Table VI.13 shows the change in tax burden of direct taxes for the years 1964-65, 1968-69 and 1975-76. It may be seen that the average burden of direct taxation (for all the income classes taken together) is 4.98 per cent of the personal income of urban households. It is 5.42 per cent in 1968-69 and 4.62 per cent in 1964-65. Thus, the change in the average burden, compared to 1964-65 is 0.36 percentage points (see Table VI.13). But when compared with the average burden of 1968-69, the change in the average burden is negative (i.e. (-) 0.44 percentage points) which implies that there is reduction in the average burden of direct taxes between 1975-76 and 1968-69. It can also be seen from table VI.13 that when compared with the burden of 1964-65, the burden in 1975-76 is more for all income classes except the income classes of

Rs. 5001 - 7000; Rs. 7001-10000; and Rs. 10,001 - 15,000. The burden of the highest income class i.e. above Rs. 30,000/- has increased by 8.04 percentage points. But if the burden of direct taxes of 1975-76 is compared with that of 1968-69, surprisingly it is found that there is reduction in the tax burden for many of the lower and middle income classes. The change in ~~tax~~ burden is substantial only with respect to the top two income classes, namely Rs. "20000 - 30000" and "above Rs. 30,000". The burden of the top most income class i.e. above Rs. 30,000 has increased by 33.08 percentage points, compared with the burden borne by this class in 1968-69.

In this context, it may be noticed that the decrease in the burden of direct taxation for the low and middle income classes upto household income level of Rs. 15,000/- or 20,000/- in 1975-76 (compared with 1964-65 or 1968-69) is perhaps due to the various concessions allowed in direct taxation after 1964-65 or 1968-69 as the case may be.

All India (Rural plus Urban)

Having discussed the change in the burden of direct taxation for rural and urban areas, by various income classes it is necessary to find out the over-all picture for All India (Rural plus Urban). It is shown in Table VI.14.

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The average burden of direct taxation in 1975-76 has increased by 0.11 percentage points when compared with that of 1964-65 but it has decreased by 0.09 percentage points when compared with that of 1968-69. It may be seen from Table VI.14 that the burden of direct taxation has increased with respect to the lowest income class falling into Rs. 0-1000, and the three upper most income classes, namely Rs. '15001 - 20000' ; Rs. '20001 - 30000' and 'over 30000' household incomes. For the other income classes, (with the exception of a few) the burden in 1975-76 is lesser than that of 1964-65 as well as 1968-69.

Change in Direct Tax Burden by Type of Taxes:

Having broadly discussed the change in the burden of direct taxation by various income classes for 1964-65, 1968-69 and 1975-76, an attempt is made here to discuss the change in direct tax burden by type of taxes. In doing so, we have confined to certain important direct taxes, such as income tax, corporation tax and land revenue only. Tables VI.15 and VI.16 show the change in tax burden of these three direct taxes.

Income tax:

As far as rural area is concerned the change in the burden of income tax is very marginal between the years 1968-69 and 1975-76. The change in the average burden is only

TABLE VI.15

## Change in Burden of Direct Taxation, by Type of Important Taxes

(Rural)

Tax/Year	Rs.0-1000	Rs.1001-2000	Rs.2001-3000	Rs.3001-4000	Rs.4001-5000	Rs.5001-7000	Rs.7001-10000	Rs.10001-15000	Rs.15001-20000
1	2	3	4	5	6	7	8	9	10
<b>I. Income tax</b>									
1975-76	0.09	0.09	0.09	0.09	0.10	0.10	0.08	0.08	0.08
1968-69	0.09	0.08	0.08	0.08	0.08	0.08	0.07	0.07	0.06
1964-65	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01
Change over 1964-65	0.07	0.07	0.07	0.07	0.09	0.09	0.07	0.08	0.07
Change over 1968-69	-	0.01	0.01	0.01	0.02	0.02	0.03	0.02	0.02
<b>2. Corporation Tax</b>									
1975-76	0.63	0.59	0.59	0.60	0.65	0.67	0.52	0.62	0.51
1968-69	0.90	0.82	0.77	0.78	0.80	0.86	0.73	0.64	0.62
1964-65	0.67	0.63	0.56	0.48	0.45	0.34	0.39	0.40	0.43
Change over 1964-65	(-)0.04	(-)0.04	0.03	0.12	0.20	0.33	0.13	0.22	0.08
Change over 1968-69	(-)0.27	(-)0.21	(-)0.18	(-)0.18	(-)0.15	(-)0.19	(-)0.21	(-)0.02	(-)0.11
<b>3. Land Revenue</b>									
1975-76	-	0.20	0.13	0.48	0.72	0.96	1.04	1.28	1.25
1968-69	-	0.82	0.67	0.81	0.88	0.96	0.82	0.65	0.79
1964-65	0.26	0.82	1.03	1.13	1.41	1.27	1.39	0.84	0.33
Change over 1964-65	(-)0.26	(-)0.82	(-)0.90	(-)0.65	(-)0.69	(-)0.31	(-)0.35	0.44	0.92
Change over 1968-69	- 0.26	- 0.20	(-)0.54	(-)0.33	(-)0.16	Nil	0.22	0.63	0.46



TABLE VI, 16

Change in burden of direct taxation, by type of important taxes

Tax/Year	(Urban)										
	Rs. 0-1000	Rs. 1001-2000	Rs. 2001-3000	Rs. 3001-4000	Rs. 4001-5000	Rs. 5001-7000	Rs. 7001-10000	Rs. 10001-15000	Rs. 15001-20000		
<b>1. Income tax</b>											
1975-76	0.14	0.14	0.11	0.11	0.11	0.10	0.15	1.98	10.48		
1968-69	0.13	0.12	0.11	0.10	0.09	0.10	0.72	3.61	7.72		
1964-65	0.01	0.01	0.01	0.01	0.02	0.03	1.63	7.84	3.66		
Change over 1964-65	0.13	0.13	0.10	0.10	0.09	0.07	(-)1.48	(-)5.86	6.82		
Change over 1968-69	0.01	0.02	-	0.01	0.02	-	(-)0.57	(-)1.63	2.76		
<b>2. Corporation tax</b>											
1975-76	0.88	0.87	0.73	0.73	0.73	0.65	0.73	0.77	1.50		
1968-69	1.28	1.26	1.07	1.03	0.86	0.93	1.25	2.70	4.58		
1964-65	0.45	0.44	0.37	0.30	0.30	0.82	2.68	8.01	3.18		
Change over 1964-65	0.43	0.43	0.36	0.43	0.43	(-)0.17	(-)1.95	(-)7.24	(-)1.68		
Change over 1968-69	(-)0.40	(-)0.39	(-)0.34	(-)0.30	(-)0.13	(-)0.28	(-)0.52	(-)1.93	(-)3.08		
<b>3. Land Revenue</b>											
1975-76	-	-	-	---	0.01	0.09	0.28	0.35	0.65		
1968-69	-	-	0.01	---	0.08	0.13	0.23	0.26	0.11		
1964-65	-	0.01	0.01	0.15	0.35	0.28	0.58	0.56	0.27		
Change over 1964-65	-	(-)0.01	(-)0.01	(-)0.15	(-)0.34	(-)0.19	(-)0.30	(-)0.31	0.38		
Change over 1968-69	-	-	(-)0.01	---	(-)0.07	(-)0.04	(-)0.05	(-)0.09	0.54		

Source : See Appendix to chapter IV

0.03 percentage points, when compared with that of 1968-69, and 0.08 percentage points when compared with that of 1964-65. The increase in the tax burden is the least, for the households belonging to the top most income class above Rs. 30,000 and more or less proportional for the remaining households. As income tax is not a major tax in the rural area, it does not contribute much to the changes in direct tax burden.

In the case of urban area, (see Table VI.16) the average burden of income tax in 1975-76 is 1.77 per cent of the income of the households while it is 2.08 per cent in 1964-65 and 1.53 in 1968-69. In other words, the average burden has increased by 0.24 percentage points when compared with that of 1964-65 and decreased by 0.31 percentage points when compared with that of 1968-69. It may be seen from Table VI.16, that the change in income tax burden is more with respect to the households belonging to the income classes of Rs. 15001 - 20000; Rs. 20001 - 30000; and above Rs. 30000. In respect of the households falling into the income classes of Rs. 7001 - 10,000 and Rs. 10,001 - 15000 the burden of income tax has come down in 1975-76 as compared to 1964-65.

It may also be seen that there is no significant change in the tax burden of income tax as far as the lower income classes below Rs. 7000 are concerned. Even if the comparison is made with the burdens of 1968-69, the same picture emerges out.

Here again, it is noticed that there is an increase in income tax burden with respect to the top three income classes (namely Rs. 15001-20000; Rs. 20001-30000 and above Rs. 30000).

#### Corporate Tax:

In rural area, the change in the Corporation tax burden on average, is 0.04 percentage greater in 1975-76 than what it was in 1964-65 and 0.10 percentage points lesser than what it was in 1968-69. It may be seen (from Tables VI.15) that the burden of households, falling into the income classes of above Rs. 3000/- and above Rs. 20,000 has increased, when compared with the burden borne by them in 1964-65. The change in corporation tax burden for the top most two income classes (namely Rs. 20,001-30,000 and above Rs. 30,000) is negative. If, however, the burden of Corporation tax in 1975-76 is compared with that of 1968-69, it may be observed that it has decreased for all the income classes. But the fall in tax burden is more for the lower and middle income classes than for the upper income classes with above Rs. 10,000/- income.

In urban area (see table VI.16), it may be noticed that the corporation tax burden on average, has decreased.

When compared with the burden of 1964-65, the corporation tax burden has increased for certain lower income classes <sup>Rs 1001-2000 ..... upto Rs 4001-5000 and decreased</sup> such as Rs. 0-1000, for all other income classes except the top most income class i.e. above Rs. 30,000/-.

If comparison of the burden of corporation tax borne by the households in 1975-76 is made with that of 1968-69, it may be noticed that there is an increase in the burden for upper most income classes namely Rs. 20,001-30,000 and above Rs. 30,000. For all other remaining income classes, the corporation tax burden has declined during the period 1968-69 and 1975-76.

Land Revenue:

From Table VI.15, it may be observed that in rural area, the burden of land revenue has, on average, fallen by 0.22 percentage points in 1975-76 when compared with that of 1964-65. It may also be seen that there is a fall in the tax burden for many lower income classes. The change in the burden of land revenue is the heaviest for the incomes above Rs. 10,000 and below Rs. 30,000. However, the burden for the top most income class i.e. above Rs. 30,000/- is negative, which indicates a lesser burden in 1975-76, compared to the position in 1964-65.

Even if the burden is compared with 1968-69, it may be noticed that the households falling into the income of above Rs. 7000/- (except the households belonging to the upper most income class) have experienced a greater burden in 1975-76. The lower income classes have a lesser burden in 1975-76 compared with that of 1968-69 (The change in the burden is negative for many of the lower income classes). The change in the Land revenue burden is the heaviest with

respect to the households falling into the income class of Rs. 10,001 - 15,000. The top most income class i.e. above Rs. 30,000, has comparatively a lesser change in the tax burden than many other income classes. (The change in tax burden to this class is only 0.05 percentage points).

If we look at the change in land revenue burden, by various income classes for Urban area (Table VI.16) it is found that the burden, on average, has declined compared with that of 1964-65 and slightly increased, if compared with that of 1968-69. The change in the Land revenue burden is the heaviest for the households falling into the income class of Rs. 15,001 - 20,000. It may be further seen that the land revenue burden has, in fact, decreased for the households belonging to the lower income classes upto an income level of Rs. 15,000. The increase in the burden, for the upper most income class is only marginal. (0.09 percentage points, when compared with 1964-65 and 0.05 percentage points when compared with 1968-69.)

The analysis, we have so far made, clearly shows that during the period from 1964-65 to 1975-76, the change in the burden of land revenue, is negative for the lower income classes. The change is higher for upper income classes ranging from Rs. 10000/- or 15000/- income level (except the top most income class).

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## III

Change in Total Burden of Direct Taxes:

What is the change in total tax burden by income classes, if direct and indirect tax burdens are combined? Table VI.17 shows the change in total tax burden during the period from 1964-65 to 1975-76 for rural, urban and All-India (Rural plus Urban).

It may be seen that in the rural area, the change in total tax burden is greater than the change in average burden in respect of the households, falling into the income classes of Rs. 4001 - 5000; Rs. 5001 - 7000; and Rs. 10,001 - 15,000 when compared with the burden of 1964-65. The households which experienced the greatest change in total tax burden between 1964-65 and 1975-76 are those belonging to the income class of Rs. 5001 - 7000. The total tax burden of the top most income class (i.e. above Rs. 30,000) has declined in 1975-76 compared to 1964-65. The decline in the burden is 0.61 percentage points. It may be further, observed that the change in burden, is lesser than many other income classes in respect of the households falling into the two uppermost income classes. If the burden of 1975-76 is compared with 1968-69, it has been observed that the change in burden is the greatest for the income class having Rs. 10,001-15,000. Here again, it has been observed that the increase in the total tax burden is lesser for the uppermost two or three income classes than for many

TABLE VI. 17

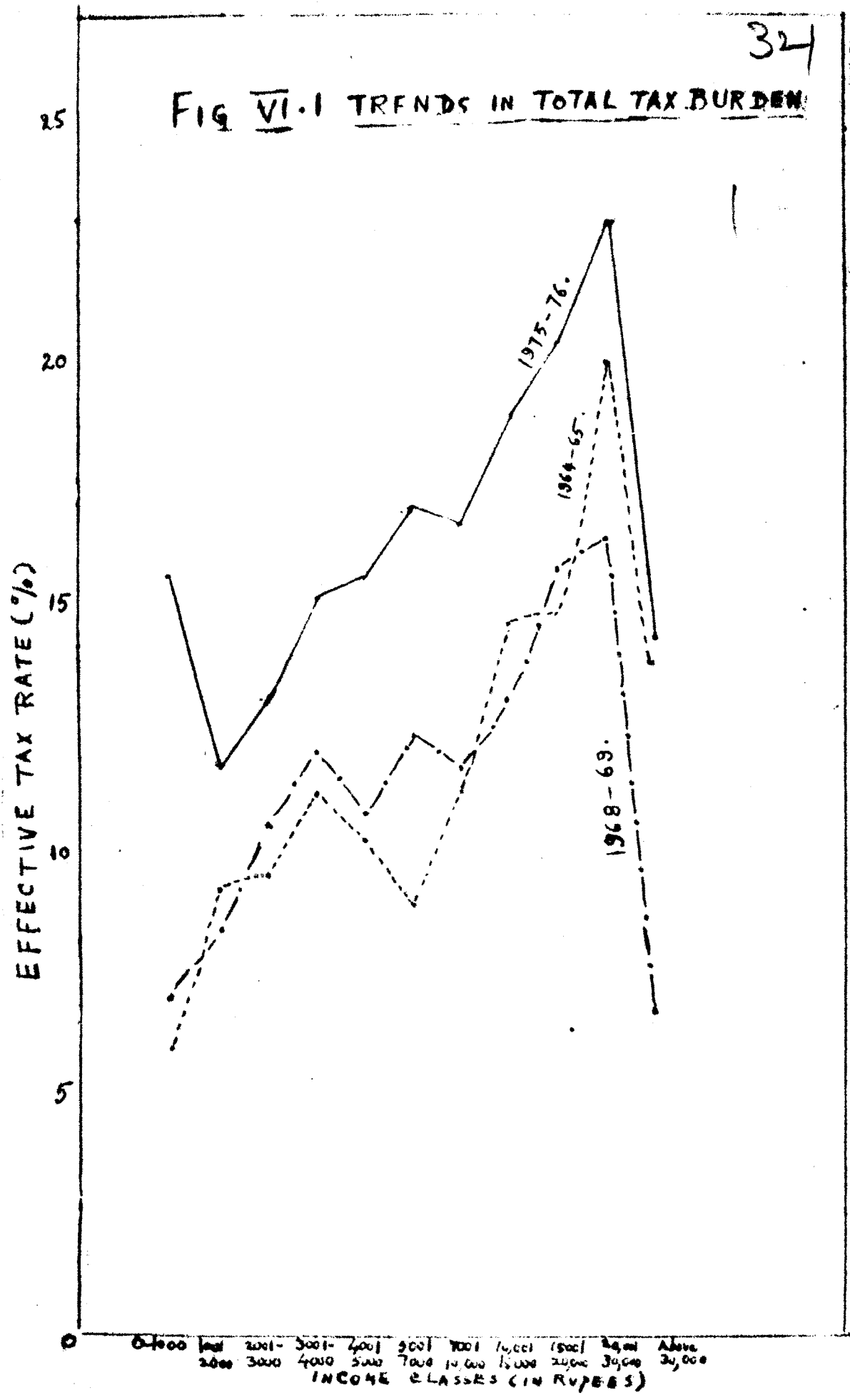
Change in the total tax burden (direct + indirect taxes) by income class  
(tax expressed as a percentage of personal income)

Year	Rs. 0-1000	Rs. 1001-2000	Rs. 2001-3000	Rs. 3001-4000	Rs. 4001-5000	Rs. 5001-7000	Rs. 7001-10000	Rs. 10001-15000	Rs. 15001-20000
<b>Rural</b>									
1975-76	9.65	10.57	12.02	13.64	13.73	14.47	12.82	15.33	12.92
1968-69	6.09	7.35	9.68	10.27	9.15	10.66	9.91	8.73	8.66
1964-65	5.80	7.85	8.39	8.43	8.00	6.36	7.85	7.61	7.51
Change over 1964-65	3.85	2.72	3.63	5.21	5.73	9.11	4.97	7.72	5.41
Change over 1968-69	3.56	3.22	2.34	3.37	4.58	4.81	2.91	6.60	4.26
<b>Urban</b>									
1975-76	17.32	21.34	19.05	21.02	20.44	19.90	22.79	26.70	32.10
1968-69	14.36	13.24	13.85	15.73	12.98	14.94	14.25	19.73	26.64
1964-65	7.74	11.86	12.95	14.64	16.81	13.89	19.47	35.90	21.62
Change over 1964-65	9.58	9.48	6.10	6.38	3.63	6.01	3.32	9.20	10.48
Change over 1968-69	2.96	8.10	5.20	5.29	7.46	4.96	8.54	6.97	5.46
<b>All India (Rural + Urban)</b>									
1975-76	15.47	11.67	12.94	15.18	15.50	16.19	16.62	18.87	20.21
1968-69	6.91	8.26	10.47	11.98	10.58	12.24	11.50	13.03	15.57
1964-65	5.90	9.12	9.49	11.09	10.34	8.76	11.02	14.45	14.67
Change over 1964-65	9.57	2.55	3.45	4.09	5.16	8.20	5.60	4.42	5.54
Change over 1968-69	8.56	3.41	2.47	3.20	4.92	4.72	5.12	5.84	4.64

Source: See Appendix to Chapters III and IV.

Note: Taxes are expressed as percentages of personal income

Fig VI.1 TRENDS IN TOTAL TAX BURDEN





other classes.

In other words, the total tax burden has been regressive for the households with income above Rs. 15000/- in rural areas during the period 1964-65 to 1975-76.

But as far as the change in total tax burden (by various income classes) in urban area is concerned, it may be seen from Table VI.17 that the tax burden, on the whole, has been progressive for upper income classes, during the period, covered by our study. The households falling into the income class of Rs. 15,001-20,000 experienced the greatest change in total tax burden compared with 1964-65. If rural and urban total tax burden is combined, it may be found (see Table VI.17) that the households, falling into the income class of Rs.0-1000, have experienced the greatest change in the total tax burden, either compared with 1964-65 or compared with 1968-69. It means the lowest income class is the worst hit during the period 1964-65 to 1975-76.

The All India total tax burden by various income classes is depicted in Fig VI.1 for 1964-65, 1968-69 and 1975-76. The vertical distance between the curves shows change in tax burden.

Conclusions :

The foregoing chapter on the change in tax burden over the years 1964-65, 1968-69 and 1975-76 reveals that on average, the tax burden has increased in 1975-76 compared to that of the earlier years 1964-65 and 1968-69.

An interesting point that has been focussed is that the change in burden is greater for the households belonging to lower and middle income classes (i.e. upto Rs.10,000/- or 15,000/- household income class) rather than for those belonging to upper income classes.

Also, we have observed that the burden of union Excise duties, is more and more increasing on the middle income classes in rural area and on the middle as well as lower income classes in urban area during the years covered by our study. Regarding import duties and sales tax, the burden has been regressive with respect to the upper income classes. The change in burden is, sometimes, even negative for the upper most income class during these years.

As far as direct taxes are concerned, the study revealed that the change in burden, on average, has been insignificant over these years. In the case of income tax, the change in burden is more for those belonging to the income classes of above Rs.15,000/- than for others. More or less

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same picture emerges out with respect to change in the burden of corporation tax as well as Land Revenue during the years 1964-65, 1968-69 and 1975-76.

If total change in burden of direct and indirect taxes is considered, it shows that the burden over the years covered by our study has been lesser for the upper income classes than for the lower and middle income classes.

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