



INSTITUTE OF ECONOMIC GROWTH

University Enclave, University of Delhi (North Campus), Delhi-110 007, INDIA

December 26, 2019

SEMINAR NOTICE

Topic: "Progressivity and Redistributive Implications of Income Taxes in India"

Speaker/s: Professor Gaurav Datt,
Monash University, Australia
gaurav.datt@monash.edu

Chair: Professor Ajit Mishra, Director, IEG

The seminar details are as follows:

Date & time: **MONDAY, JANUARY 6, 2020 AT 03.30 P.M.**

Venue: A.M. Khusro Room
Institute of Economic Growth,
Delhi-110 007

All are welcome.

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Abstract

We analyse the progressivity and redistributive effects of India's income tax system utilising grouped income tax data from the Income Tax Department. By fitting Lorenz and tax concentration curves to these data, we find that despite exhibiting high levels of progressivity, the redistributive effects of income taxes remain modest amongst tax assesses and miniscule within the adult population. These results remain consistent across years. We also find that the elimination of the gap between statutory and actual average tax rates does little to improve the redistributive effect of income taxes. Our investigation of alternative tax schedules suggests that lowering the income thresholds for top marginal tax rates offers a greater redistributive potential than reducing the tax exemption limit or increasing top marginal tax rates.