# Article information:

Tax structure and economic growth: a study of selected Indian states | Journal of Economic Structures | Full Text  
<https://journalofeconomicstructures.springeropen.com/articles/10.1186/s40008-020-00215-3>

# Article summary:

1. The study examines the relationship between tax structure and state-level growth performance in India from 1991-2016 using panel regression methods.

2. The analysis found that income tax and commodity-service tax have negative effects on economic growth, while property and capital transaction tax have a significant positive effect.

3. The study suggests that policymakers should focus on property taxes and reduce income taxes for faster growth of Indian states.

# Article rating:

Appears moderately imbalanced: The article provides some useful information, but is missing several important points or pieces of evidence that would be required to present the discussed topics in a balanced and reliable way. You are encouraged to seek a more balanced perspective on the presented issues by exploring the provided research topics and looking at different information sources.

# Article analysis:

The article titled "Tax structure and economic growth: a study of selected Indian states" examines the relationship between tax structure and state-level growth performance in India from 1991 to 2016. The authors use the model of Acosta-Ormaechea and Yoo (2012) and panel regression method to verify the relationship between taxation and economic growth. The study finds that income tax and commodity-service tax have negative effects, while property and capital transaction tax have a significant positive effect on state economic growth. The authors conclude that policymakers should focus more on property taxes along with reducing income taxes for faster growth of Indian states.

The article provides a comprehensive analysis of the impact of tax structure on economic growth in India. However, there are some potential biases in the study that need to be considered. Firstly, the sample size is limited to only 14 Indian states, which may not be representative of the entire country's economy. Secondly, the study only focuses on long-run and short-run relationships between tax structure and economic growth, ignoring other factors that may affect economic performance such as political stability, infrastructure development, education levels, etc.

Moreover, the article does not explore counterarguments or alternative perspectives on the issue. For instance, it does not consider how changes in tax policy may affect different sectors of the economy differently or how they may impact income inequality. Additionally, there is no discussion about possible risks associated with implementing policies based solely on this study's findings.

Furthermore, some claims made in the article lack sufficient evidence or support. For example, it is stated that GST is regarded as one of the major tax policy changes in independent India with optimistic impacts on revenue generation and growth performance without providing any empirical evidence to support this claim.

In conclusion, while this article provides valuable insights into the relationship between tax structure and economic growth in India, it has some limitations that need to be considered when interpreting its findings. Policymakers should take a holistic approach to economic development, considering various factors that may affect growth and not rely solely on tax policy changes.

# Topics for further research:

* Impact of political stability on economic growth in India
* Role of infrastructure development in state-level growth performance
* Relationship between education levels and economic growth in India
* Effects of tax policy changes on different sectors of the economy
* Impact of tax policy on income inequality in India
* Risks associated with implementing policies based solely on tax structure and economic growth relationship

# Report location:

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