Volume : 2 | Issue : 12 | Dec 2013 • ISSN No 2277 - 8160



Research Paper | Management

Relevance of Thoughts of The Great Poet Kalidas on Taxation in The Present Era

S.K.JHA Ph.D,ACMA,MIMA, Faculty, Management Programme, L.N.Mithila University, Darbhanga

ASHISH KUMAR MBA,NET,MIMA, Faculty, Management Programme, L.N.Mithila University, Darbhanga

ABSTRACT

In this era of globalisation you cannot depend only on the domestic market regardless of how strong one is. Globalisation brings with it the challenges of managing and dealing with multiple governments, regulators, laws and different cultures. Indian Industry has to cope with the change; change of customers; change in demand and supply; and change in policies. All these require flexibility and adaptability of different business models across various countries of the world. So, change has become a constant factor of business life. Taxation is a major source of revenue to the government. It is a sharp-edged weapon to assault on the economic ills. On the other hand, it is also an important source for economic transformation and socio-economic cohesion. How do we use this weapon determines its magnitude of success, either for the upliftment of the society or for the development in the economy. Albeit we can collect the least but can deliver the best. Even we can collect the largest but can deliver the worst. Against this background, a modest attempt has been made to discuss about eastern and western thoughts on taxation, aspects of taxation in Indian perspective and thoughts of Kalidasa on taxation. Finally, the paper highlights about the global relevancy of taxation thoughts of the great poet Kalidasa in the present Globalisation era.

KEYWORDS : Capital Formation, Globalisation, Raghuvansham, Rationalised Tax Structure, Resource Mobilisation

Backdrop

A tax is a compulsory contribution imposed by public authorities on individuals or economic units to finance government activities. A tax payer is not entitled to get exact amount of service in return.These taxes are levied for augmenting the national income, for maintaining control and imposing restrictions on the use of certain goods and services. The tax burden laws and regulations differ in different countries over the world.

In last 10-15 years, Indian taxation system has undergone tremendous reforms. Major reforms have been undergone in the Indian taxation system. Tax laws have been simplified and the tax rates been rationalised resulting in better compliance, ease of tax payment and better enforcement. The process of rationalisation of tax administration is ongoing in India. The taxes have been an important and impressive source of reduction in the gross fiscal deficit.

The amount of tax varies from country to country and society to society. It also varies from time to time. However, it had always been desired that the King/ Government should collect tax in moderate amounts. Now a days, grappling situations such as managing and dealing with multiple government regulators, laws and different cultures has assumed great importance. The business arena has fully comprehended the age +old Indian philosophy '*Vasudhaiva Kutumbkam*'(the whole world is a family). World today has become a global village. Taxation is instrumental in the transformation of an economy. It helps in resource mobilisation and Capital Formation which ultimately leads to the transformation of an economy.

Globalisation- Conceptual Framework

The phenomena of globalisation seems to have occurred in the late 19th century. The International Monetary Fund defines globalisation as "the growing economic border transactions in goods and services and of international capital flows and also through the more rapid and widespread diffusion of technology". Globalisation has two main component – the globalisation of markets and the globalisation of productions. Interdependency and integration of individual countries of the world may be called globalization. Thus, globalisation integrates not only economies but also societies. The globalisation process includes

- globalisation of markets,
- globalisation of production,
- globalisation of technology, and
- globalisation of investment.

According to the globalist perspective, globalisation reflects the spread of irreversible market forces driven by technological innovation that make the global integration of national economies inevitable. In fact, globalization is almost always interwined with the deep belief in the ability of the markets to use new technology to solve social problems far better than any alternative cours**e.** *Frederick W. Smith,* Chairman and CEO of FedEx corporation**,** suggests that "globalization is inevitable and inexorable and it is accelerating…..Globalisation is happening, it's going to happen. It does not matter whether you like it or not, it's happening, it's going to happen." There is no alternative for Indian Industry but to globalize its operations to meet the ever- increasing aspirations of the Indian consumers. Globalisation offers both challenges and opportunities for the Indian economy.

The Great Poet – Kalidas

Kalidas (Devenagri: dkfynkl "servant of Kali") was a renowned classical Sanskrit writer, widely regarded as the greatest poet and dramatist in the Sanskrit language. His floruit cannot be dated with precision, but most likely falls within 4th century AD. His plays and poetry are primarily based on Hindu Puranas and philosophy. According to legend, he was known for his beauty, which brought him to the attention of princess Vidyottma and she married him. However, as legend has it, Kalidasa had grown up without much education, and the princess was ashamed of his ignorance and coarseness. A devoted worshipper of Kali (by other account of Saraswati), Kalidasa is said to have called upon his goddess for help when he was going to commit suicide in a well after he was humiliated by his wife, and was rewarded with a sudden and extraordinary gift of wit. He is then said to have become the most brilliant of the "nine gems" of the court of the king Vikramaditya of Ujjain. Sanskrit scholar *Ramchandra Tiwari(1986)* claims to have conducted a thorough research on Kalidas and after analysing 627 evidences which included 104 sculptures, 30 pictures and 493 scriptural words determined that Kalidas lived in the period 370-450 AD.

Kalidasa wrote three plays. Among them, Abhijnanasakuntalam("of Shakuntala recognised by a token") is generally regarded as a masterpiece. It was among the first Sanskrit works to be translated into English, and has since been translated into many languages. Malavikagnimitram("Malavika and Agnimitra") tells the story of King Agnimitra, who falls in love with the picture of an exiled servant girl named Malavika. Vikramorvasiyam("pertaining to Vikram and Urvashi") tells the story of mortal King Pururavas and celestial nymph Urvashi who fall in love. Kalidasa is the author of two epic poems, Raghuvansa(" Dynasty of Raghu") and Kumarasambhava("Birth of Kumara"). Among his lyric poems are Meghaduta ("cloud messenger") and Tusahara ("the Expo-

sition on the seasons"). Kalidasa's poetry is celebrated for its beautiful imagery and use of similes. Legend is that he was murdered by a Gurtesan in Sri Lanka during the reign of Kumaradasa.

Taxation: Indian Perspective

In India the tax structure is devided amongst the central government and state government. The central government levies taxes on income, custom duties, central excise and service tax. While the state government levies tax like state excise, stamp duty, VAT(Value Added Tax), land revenue and professional tax. A tax which is paid by the person on whom it is legally imposed and the burden of which cannot be shifted to any other person is called a *direct tax. J.S Mill* defines a direct tax as "one which is demanded from the very person who, it is intended or desired, should pay it". The person from whom it is collected cannot shift its burden to somebody else. An *indirect tax,* on the other hand is a tax, the burden of which can be shifted to others.

Powers of Central or State Government to Levy Tax

Article	Empowers	For
246(1)	Central or State Government	Levy for various taxes
246(1)	Central Government	Levy taxes in List I of the 7th Schedule of the Constitution
246(3)	State Government	Levy taxes in List II of the 7th Schedule of the Constitution
-	Central and State Government	List III of 7th Schedule

List I: Union List

Entry No. 82	Income Tax other than Tax on Agricultural Income
Entry No. 83	Customs Duties including Export Duties
Entry No. 84	Union Excise Duty (other than liquor,opium,etc.)
Entry No. 85	Corporation Tax
Entry No. 92A	Taxes on Inter-State Sales (CST)
Entry No. 92B	Tax on Inter-State Consignment of Goods (not yet considered by GOI)
Entry No. 92C	Taxes on Services
Entry No. 97	Any other matter not included in List II or List III (Levy of service Tax through Finance Act, 1994)

List II: State List

Entry No. 46	Agricultural Income Tax
Entry No. 51	State Excise Duty
Entry No. 52	Tax on Entry of Goods into local area for consumption or use or sale (called Octroi)
Entry No. 54	Tax on Intra State Sales (Local/ General Sales Tax)

List III: Concurrent List

Entry No. 17A	Forests
Entry No. 25	Education

Eastern and Western Thoughts on Taxation

The Indian classical thinkers propounded balanced theories on taxation that initiated reconciliation between the two opposite considerations of saving the society and transforming the economy. *Manusmirti* advocates that ability to pay should be considered an important aspect of the state financial management, particularly the tax management. *Shantiparva*, a chapter of Mahabharat says that the king should tax his kingdom or subject like a bee gathering honey from flowers and should not act like a leech draning blood mildly. *Kautilya's* ideas have been found gravitated particularly while rationalising or optimising the tax structure or tax administration. The classical thinkers feel that collection of taxes should be based on certain principles whatsoever the rulers desire. The principles of justice should not be questioned on the ground of managing the state finances.

In the 15th century, *Curfa* explained that formulation of taxes should be so clear that people do not need to go to courts to know what they are required to pay. The principle of political Economy and Taxation of *David Ricardo*(1772-1823) was published in 1817. *Adolph Wagner* in his epoch contribution 'Science of Public Finance' termed government as a distributor of wealth and taxation a weapon to help and instrumentalise the efforts. He considered taxation an engine to reform the social evils. Of late, taxation is used as an instrument of public policy and such an application has been advocated by Lloyd George, J.M.Keynes, Hansen, A.P.Learner and Sir Josiah Stamp. Noted economist, *A.C.Pigou* made a significant contributions to the very field by introducing the principle of least aggregate sacrifice. *Adam Smith's* second canon of taxation clarifies that taxes ought to be certain and not arbitrary. *Prof. Nurkse* feels that taxation is an effevtive instrument of collective savings. In his eyes, the process of generating savings help capital formation.

Thoughts of Kalidas on Taxation

The great poet Kalidas in his epoch making work *Raghuvansham,* Part 1, sloka 18 says:

i;tkuo HkR;Fk l rkH;k cfyexgrA
lgLkxq.k eRL=Vs ekn fg jfo%AA

prajaneva bhutyarth sa tabhyo balimgrahita

sahasrgunamutstratu madatte hi rase rabih

It is only for welfare of the people that a king collects taxes, just as the sun draws moisture from the earth to return thousand- fold more.

Kalidas has mentioned that one- sixth of the income should be given to the king. The ascetics living in forests also used to contribute one- sixth of the imperishable fruits earned through ascetism. The imposition of taxes should be in such a manner that a king (who imposes) and tha produces (who are imposed) share the results or harness the benefits of developments. Thus , it would not bo wrong to mention that theories of taxation only not concentrated on raising the quantum of revenue but also reserved elbow rooms for the tax- payers. *Manusmirti* throws ample light on the problem. It suggests that just as fruits are gathered from a garden as and when it ripes. It indicates that taxes should be imposed in such a way that the king himself and the produces participate in the result. Kalidas have touched the multi-dimensional problems on the state financial management. Due importance to the principle of imposition and collection on the priority basis has beeen given. Not only this, the management of investment has also been assigned due importance indeed a methodical approach.

Global Relevance

The taxation policy of a country has to play a vital role, particularly to utilise this weapon to the best advantages of the national economy. It is not so important that what do we impose rather it is more important that how and in what manner, the process of imposition is carried on. Albeit the stringent measures for checking tax evation would fail in showing the positive results unless the process of motivation is utilised in the background of changing socio- economic condition or in tune with the changing psychology of the tax payers.

Taxation is a major source of revenue to the government. It has been an important instrument for economic transformation and socio- economic cohesion. Taxation is also an attempt of reducing present requirements and investing it for development projects that will benefit the future generations. Major changes have been introduced in tax system over the world in the last three decades. The tax reforms begin in mid 1980s and the pace was accelerated in 1990s. Significant changes have been made via reforms with changing levels of development with the main objective of enhancing tax revenue.

Whatsoever the modern thinkers felt in past or whatsoever think at present or what so they propose to plan in future are beautifully and scientifically synchronised in the viewpoints of ancient Indian thinkers like the great poet Kalidas. Our irrational approach would aggravate the magnitude of tax evation. Governmental development sensitive welfare oriented programme would not be carried on sucessfully, provided taxation withdraws its support. In course of framing a rational policy, the administration should take help of thoughts of Indian thinkers in ancient days. This would make our taxation policy more sensitive as the imposition or collection of taxes would be meaningful.

Concluding Remarks

We can conclude that the thoughtful ideas of the great poet Kalidas that one sixth of the income should be given to the king may be helpful for sustainable development of a country. His ideas about the rationalisation of the tax structure has similarity with *Atharvaveda.* Atharvaveda prescribes only one rate of tax, namely, one- sixteenth of the property. The collection and imposition of taxes should not be in a lump. To a great extent, corruption is a universal phenomenon though it varies in extent and degree. The question of corruption is closely linked to any tax system. The people's ability to pay taxes should receive sufficient considerations.

The tax structure requires a scientific approach and a positive attitude in order that the knitting of welfare principle with the development constituent is neither delayed nor stopped. Everyone should realise that we are to pay the tax to sustain earth and heaven; so we must pay to sustain ourselves also. The tax rates should not be so many but one or two.

REFERENCES

Datey, V.S (2012), Indirect Taxes: Law and Practice, Taxmann, New Delhi. | Jha, S.M. (1990), Taxation and the Indian Economy, Deep and Deep Publications, New Delhi. | Lekhi, R.K. (2000), Public Finance, Kalyani Publishers, New Delhi. | Michael, V.P. (2001), Globalisation, Liberalisation and Strategic Management, Himalaya Publishing House, Mumbai. | Rao, M Govinda (2000), Tax Reforms in India – Acheivements and challenges, Asia Pacific Development Journal, Vol.7, No.2, December, Pp. 59-73. | Rustagi, Urmila (1997), Taxation in Atharvaveda, Management Accountant, Vol.32, No.5, May, Pp. 340-341. | Saleem, Shaikh (2009), Business Environment, Pearson Education, New Delhi. | Singh, A.D. (1977), Kalidasa: A Critical Study, South Asia Books, Columbia. | Singhania, Vinod K. (2012), Direct Taxes : Law and Practice, Taxmann, New Delhi.