

Revenue Collection Systems in Ancient India and Present-Day India: A Comparative Study

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Abstract

Revenue collection forms the financial backbone of any administrative system. From ancient kingdoms to modern democracies, the ability of a state to collect revenue determines its capacity to govern, develop infrastructure, and ensure social welfare. India has witnessed a long evolution of revenue structures—from agrarian-based tax systems in ancient periods to complex monetary and digital tax networks in the 21st century. This research paper compares the revenue collection systems of ancient India with present-day India, focusing on tax methods, administrative frameworks, tax structures, socio-economic impacts, and accountability mechanisms. The paper also presents a detailed review of literature and descriptive research methodology. The findings highlight both continuities and differences between the two periods and provide insights for improving modern fiscal governance.

Keywords: Ancient India, Modern India, Revenue Collection, Taxation System, GST, Land Revenue, Fiscal Administration, Economic History, Digital Taxation

1. Introduction

Revenue collection has always been an essential function for any state to survive and grow. In ancient Indian kingdoms, taxes were mainly collected in the form of agricultural produce, forest goods, cattle, and trade duties. Kings depended on revenue to maintain armies, build public infrastructure, and support the welfare of citizens. In modern India, the revenue system has transformed significantly. Today, taxes are collected in the form of income tax, corporate tax, customs duties, GST, excise duties, and various cesses. Digital platforms have replaced manual systems, improving transparency and efficiency.

Despite these differences, several principles—such as fairness in taxation, accountability, and welfare of the people—continue from ancient times. This study compares ancient and modern revenue systems to understand their evolution and relevance today.

2. Review of Literature

A wide range of literature is available on the revenue systems of both ancient and present-day India. Scholars, historians, and economists have contributed important insights on how taxation evolved across centuries. The key contributions are presented below:

2.1 Literature on Revenue Systems in Ancient India

- 1) One of the earliest and most detailed sources on ancient taxation is **Kautilya's Arthashastra** (4th century BCE). This text explains the structure of revenue administration, the duties of officials such as the *Samaharta* (chief revenue officer) and *Sannidhata* (treasurer), and types of taxes including land tax, trade tax, forest tax, mines revenue, and occupational taxes. Translations and studies by scholars like **R. Shamasastri** and **L. N. Rangarajan** provide clear interpretations of these concepts in modern language.
- 2) Texts such as the **Manusmriti** and **Dharmashastras** also talk about taxation. They describe tax payment as a moral duty of citizens and emphasize fairness, justice, and proportionality in

collecting taxes. These works explain that kings were expected to collect taxes without causing hardship.

- 3) **Romila Thapar (2002)** explains that the Mauryan Empire maintained a highly centralized and well-organized taxation system. She highlights how revenue supported a large administrative structure and welfare activities.
- 4) **D. D. Kosambi (1965)** discusses the important link between agriculture and taxation. His work shows how agrarian surplus acted as the main source of revenue and helped early states grow.
- 5) Studies by **B. N. Mukherjee (1992)** and **Upinder Singh (2008)** use inscriptions, copper plates, and archaeological sources to explain how taxes were collected during the Gupta and post-Gupta periods. They show that land revenue continued to be the primary source of income.
- 6) **Irfan Habib (1963, 1999)** provides detailed research on Mughal land revenue systems. His analysis of Akbar's *bandobast* (settlement) explains how measurement, land classification, and cash payments formed the foundation of Mughal fiscal administration.

2.2 Literature on Revenue Systems in Present-Day India

- 1) Modern revenue systems in India are well documented in official publications. The **Economic Surveys, Union Budget documents, and Finance Commission Reports** explain the structure and performance of taxes, including direct and indirect taxes.
- 2) **Mahesh C. Purohit (2010)** studied indirect taxes and discussed the shift toward the Goods and Services Tax (GST). His research shows how GST aimed to simplify tax structures and improve efficiency.
- 3) **Rao and Rao (2006)** examine fiscal federalism, especially the distribution of revenue between the central and state governments. Their research highlights the importance of cooperative federalism in taxation.
- 4) Research by the **National Institute of Public Finance and Policy (NIPFP)** offers detailed studies on income tax reforms, GST implementation, tax buoyancy, and digital governance in taxation.
- 5) **M. Govind Rao (2017)** discusses the challenges of modern taxation, including tax evasion, compliance issues, and the need for administrative reforms. He also highlights how digital systems such as e-filing and GSTN have changed India's tax landscape.
- 6) Reports from the **World Bank and International Monetary Fund (IMF)** examine India's tax-to-GDP ratio, transparency initiatives, and modernization of tax administration. These reports highlight progress as well as areas needing improvement.

2.3 Gap in the Literature

While many scholars have studied ancient taxation systems and modern revenue structures separately, very few studies offer a direct comparison between the two periods. Most research focuses either on historical taxation practices or on contemporary fiscal systems. There is limited academic work that examines both together in a structured, comparative manner. This research paper attempts to fill this gap by comparing ancient and present-day revenue collection systems in India, highlighting similarities, differences, and lessons for current fiscal governance.

3. Objectives of the Study

Following are the core objectives of the study:

- 1) To examine the revenue collection systems of ancient India.
- 2) To study the revenue collection systems of present-day India.
- 3) To compare both systems based on structure, administration, methods, and socio-economic impact.
- 4) To identify lessons from ancient systems applicable to modern fiscal policy.

4. Research Methodology

This study uses a descriptive research design, which helps in explaining, comparing, and understanding the revenue collection systems of ancient India and modern India. The purpose of this design is to present facts clearly and identify similarities and differences between the two systems.

4.1 Data Sources

This research is based only on secondary data. The information was collected from:

- 1) History books that explain ancient kingdoms and their tax systems
- 2) Government reports such as budgets, economic surveys, and taxation documents

- 3) Economic journals and research papers that discuss India's modern revenue structure
- 4) Translations of Arthashastra and other ancient texts
- 5) Digital sources such as e-books, government websites, and academic databases (Google Scholar, JSTOR, etc.)

These sources help to provide reliable and already-verified information needed for comparison.

4.2 Research Approach

Three main approaches are used in this study:

1) Historical Analysis

Used to understand how ancient Indian kingdoms collected revenue. This includes studying:

- ancient texts
- administrative posts
- types of taxes
- collection methods

2) Comparative Method

Used to compare ancient and present-day revenue systems. The comparison focuses on:

- structure
- administration
- tax types
- methods of collection
- socio-economic impact

3) Qualitative Analysis

Used to interpret the collected information. Instead of numbers or statistical tests, this study explains meaning, patterns, and concepts to form conclusions.

4.3 Scope of the Study

The scope of this research includes:

- 1) Revenue systems from ancient Indian kingdoms (Mauryan, Gupta, Mughal, etc.)
- 2) Modern taxation framework including GST, income tax, customs, and digital systems
- 3) Study of tax types, administrative structures, accountability, and social-economic effects
- 4) Comparison of how taxes were collected, who collected them, and how they were used

The study focuses on general national-level systems, not region-specific taxation.

4.4 Limitations

This study has the following limitations:

- 1) Most information comes from texts and inscriptions, which may not cover every region or period.
- 2) Historians may interpret ancient texts differently, so information may vary slightly.
- 3) New tax rules and digital systems keep updating, so the study focuses on major features rather than very recent changes.
- 4) The study is fully based on secondary data, so no field survey or primary data collection was used.

5. Revenue Collection in Ancient India

Ancient India possessed a highly organized and systematic revenue administration, supported by detailed prescriptions found in texts such as *Arthashastra* and *Manusmriti*. The system reflected the agrarian nature of the economy and emphasized fairness, administrative discipline, and public welfare.

5.1 Key Sources of Revenue

1) Land Revenue (Bhaga)

Land revenue formed the backbone of ancient Indian taxation. Typically, the state claimed one-sixth of agricultural produce, though it could vary with region and dynasty. This tax was collected from farmers in the form of grains or other produce.

2) Trade and Customs Duties

Commercial activities were taxed through levies on imports, exports, and transit of goods. Market taxes were charged from merchants, and checkpoints ensured systematic collection.

3) Professional and Occupational Taxes

Artisans, craftsmen, potters, metal workers, and traders paid taxes based on their occupation. These taxes contributed significantly in urban centers.

4) **Forest and Mining Revenue**

Forests and mines were considered state property. Revenue was collected from timber, honey, herbs, minerals, metals, and other natural resources.

5) **War Booty, Tributes, and Gifts**

Conquered territories paid tributes, while war booty added to state income. Such revenue played a major role during expansionist kingdoms.

6) **Other Minor Taxes**

These included water tax, irrigation charges, cattle tax, pasture fees, and other small levies linked to everyday rural and urban life.

5.2 Administrative Structure

The King was the supreme authority in matters of taxation and financial administration. He was supported by a well-defined hierarchy:

1) **Samaharta** – Chief of revenue collection; supervised tax collection across the kingdom.

2) **Sannidhata** – Treasurer; managed state treasury, storage, and accounts.

3) **Local Village Officers** – Assisted in measuring land, assessing produce, and collecting revenue.

Administrative rules were strict. Ancient texts describe severe penalties for corruption, misuse of power, or improper assessment. Transparency and accountability were central to revenue administration.

5.3 Collection Methods

Revenue collection in ancient India often occurred in kind, especially in rural regions. Common methods included:

1) Collection of grains, livestock, metals, or forest products instead of money.

2) Regular visits by village officials and assessors to estimate produce.

3) Maintenance of detailed accounts on manuscripts, palm-leaf records, copper plates, and inscriptions.

The state ensured fairness in measurement and storage, using standardized units for assessing land and produce.

5.4 Guiding Principles

Ancient Indian taxation was governed by ethical and welfare-oriented principles:

1) **Fairness and Proportionality:** Taxes were proportionate to income or output; excessive taxation was discouraged.

2) **Public Welfare:** A major portion of revenue funded defense, irrigation, roads, publicworks, and social welfare activities.

3) **Non-oppression:** Texts emphasize that taxation should not burden citizens; the tax collector was compared to a bee taking nectar without harming the flower.

These principles demonstrate that ancient India's revenue system balanced state needs with citizen welfare, creating a foundation for later administrative models.

6. Revenue Collection in Present-Day India

The modern revenue system of India has evolved into a comprehensive, legally structured, and technologically advanced framework. It draws from constitutional provisions, statutory laws, and administrative reforms designed to support economic growth, transparency, and equitable taxation. Revenue is collected by both the Central Government and State Governments, following a well-defined division of powers.

6.1 Key Sources of Revenue

6.1.1 Direct Taxes

Direct taxes are levied on individuals and organizations. Major components include:

1) **Income Tax:** Charged on personal income based on progressive tax slabs.

2) **Corporate Tax:** Levied on profits of companies operating in India.

3) **Capital Gains Tax:** Charged on profits from the transfer of assets.

4) **Wealth and Securities Taxes (where applicable):** Imposed on specific financial activities or asset holdings.

Direct taxes form a major share of the government's revenue and are administered by the Central Board of Direct Taxes (CBDT).

6.1.2 Indirect Taxes

Indirect taxes are imposed on goods and services. The most significant reform is:

- 1) **Goods and Services Tax (GST):** A unified indirect tax system replacing excise duty, service tax, VAT, and more.
- 2) **Customs Duty:** Levied on imported goods; contributes significantly to revenue collection.
- 3) **Excise Duty (on limited products like fuel, alcohol, tobacco):** Still applicable in certain sectors.

Indirect taxes are administered by the Central Board of Indirect Taxes and Customs (CBIC).

6.1.3 Non-Tax Revenue

Apart from taxes, the government earns income through:

- 1) Fees, fines, and penalties
- 2) Dividends from public sector enterprises
- 3) Interest receipts
- 4) Licensing fees (telecom spectrum, mining, environment clearances)
- 5) Petroleum and natural resource royalties

6.1.4 State-Level Revenues

States generate additional revenue through:

- 1) State GST (SGST)
- 2) Stamp Duty and Registration Fees
- 3) State Excise (liquor)
- 4) Motor Vehicle Tax
- 5) Land Revenue and Agriculture-related taxes

6.2 Administrative Structure

The modern administrative structure is institutionalized through ministries, boards, and departments:

- 1) Ministry of Finance oversees all national taxation policies and revenue planning.
- 2) CBDT manages assessments, collections, and enforcement of direct taxes.
- 3) CBIC administers GST, customs, and indirect taxes across ports and states.
- 4) State Revenue Departments manage land revenue, property registration, and state taxes.
- 5) Local Bodies (Municipalities & Panchayats) collect property tax, water tax, and service charges.
- 6) Technology plays a central role: E-filing portals, GSTN network, online customs clearance, AI-based fraud detection, and digital payments ensure transparency and efficiency.

6.3 Collection Methods

Modern collection methods emphasize speed, transparency, and accountability:

- 1) **Online Tax Filing:** Income tax and GST returns are filed digitally.
- 2) **E-Payments:** Taxes are paid through digital platforms, banks, or UPI-enabled systems.
- 3) **TDS/TCS System:** Taxes deducted at source ensure steady revenue flow.
- 4) **Electronic Way Bills (e-Way Bills):** Track movement of goods to reduce tax evasion.
- 5) **Self-Assessment Scheme:** Taxpayers compute and file their own liability, subject to audit.
- 6) **Faceless Assessment:** Eliminates physical interface with officers to reduce corruption.

Automation and digital governance have significantly streamlined tax collection.

6.4 Guiding Principles of Modern Taxation

The modern system is guided by global taxation principles and constitutional values:

- 1) **Equity:** Progressive taxes ensure higher earners contribute more.
- 2) **Efficiency:** GST simplifies the tax structure, reducing cascading effects.
- 3) **Certainty:** Clear rules, deadlines, and standardized procedures.
- 4) **Convenience:** Online systems and digital payments ease compliance.
- 5) **Transparency & Accountability:** Monitoring tools reduce tax evasion and improve trust.
- 6) **Growth Orientation:** Taxes are designed to support industrial development and infrastructure.

The guiding principles reflect a shift from manual, paper-based processes to technology-driven, citizen-centric taxation.

7. Comparative Analysis of Ancient and Present-Day Revenue Systems

Table 7.1: Comparative Analysis of Ancient and Present-Day Revenue Systems

Dimensions	Ancient India	Present-Day India	Comparison Summary
7.1 Basis of	Mainly agrarian; taxes	Monetary and diversified;	Ancient system was

Revenue	collected in kind (grains, produce, animals). Bhaga (land tax), forest tax, artisan tax were major.	includes direct taxes (Income Tax, Corporate Tax), indirect taxes (GST, Customs), and non-tax revenue.	resource-based; modern system is cash-based and economy-wide.
7.2 Administrative Structure	King was supreme. Officers like Samaharta and Sannidhata collected revenue. Manual village visits ensured collection.	Democratic structure with CBDT, CBIC, GSTN, State Revenue Depts., and local bodies. High use of technology.	Ancient system centralized; modern system institutional, decentralized, and technology-driven.
7.3 Collection Methods	Mostly in-kind collection; manual supervision; records on palm leaves and copper plates.	Monetary collection via online portals; TDS, online returns, e-way bills, digital records.	Shift from physical manual processes to digital automated systems.
7.4 Types of Taxes	Land tax, profession tax, forest/mining tax, water/cattle tax, tributes, war booty.	Income Tax, GST, Customs, Capital Gains Tax, Excise, Property Tax, Stamp Duty.	Ancient system simple & limited; modern system diverse and complex.
7.5 Purpose of Revenue	Administration, military, irrigation, roads, religious institutions.	Infrastructure, welfare schemes, education, healthcare, subsidies, national security.	Modern revenue use is broader and welfare-focused.
7.6 Accountability & Transparency	Strict laws; officers personally accountable; depended on honesty and manual records.	Legal frameworks, RTI, digital audits, monitoring systems reduce corruption.	Modern system stronger due to institutional and digital checks.
7.7 Socio-Economic Impact	Impact mostly on farmers; taxes linked to agricultural output; influenced by famine.	Impact across all income groups and industries; progressive taxes aim at equity.	Ancient impact localized; modern impact across entire economy.
7.8 Continuities	Land revenue important; welfare remains goal; emphasis on fairness and proportionality.	Same principles apply but through modern mechanisms.	Shows historical continuity of tax philosophy.
7.9 Major Differences	Simple, agrarian, manual, king-centered system.	Complex, digital, diversified, constitutional & institutional.	Represents complete transformation of revenue system.

8. Findings

- 1) Ancient India relied mainly on land and agricultural taxes, whereas modern India collects revenue from income tax, corporate tax, GST, customs, and non-tax sources.
- 2) Ancient systems were controlled by the king and officers like the Samaharta. Modern revenue administration is institutional, involving CBDT, CBIC, state departments, and digital tax portals.
- 3) Taxes in ancient times were collected mostly in-kind. Today, taxes are collected in money through online filing, TDS, and digital payments.
- 4) Ancient records depended on manual honesty. Modern systems use audits, RTI, Aadhaar/PAN linking, faceless assessment, and e-way bills.
- 5) Ancient revenue supported administration, defence, and public works. Modern revenue funds education, healthcare, welfare schemes, infrastructure, and development projects.
- 6) Both systems follow fairness, proportionality, and welfare-based taxation, but modern systems apply these principles more widely.

- 7) Ancient taxes mainly affected farmers; modern taxes affect all sectors and influence GDP, inflation, and investment.
- 8) Issues like tax evasion, GST complexity, administrative delays, and low tax-to-GDP ratio still remain.

9. Suggestions

- 1) Reduce GST slabs, simplify forms, and make compliance easier for small taxpayers.
- 2) Provide training, tax help centres, and multilingual online support for rural and small businesses.
- 3) Use data analytics, AI tools, and real-time verification to improve compliance.
- 4) Improve cooperation in GST collection, revenue sharing, and dispute resolution.
- 5) Educate citizens on how taxes support national development to promote voluntary compliance.
- 6) Strengthen municipal and panchayat revenue systems for better local development.
- 7) Direct revenue toward poverty reduction, farmer support, employment generation, and public services.
- 8) Promote honesty, accountability, and strict action against corruption by combining ancient values with modern technology.

10. Conclusion

Revenue collection has played a crucial role in shaping Indian society across centuries. Ancient India had a simple but well-structured revenue system largely dependent on agriculture. Taxes were collected in kind, and administrators ensured strict compliance. Modern India's revenue framework is far more complex, well-regulated, and technology-driven. It includes a mix of direct and indirect taxes supported by digital infrastructure. Although both systems aim to support welfare and administration, modern methods promote transparency, fairness, and convenience. Understanding this evolution helps policymakers strengthen today's taxation structure by learning from both efficiency and fairness embedded in ancient systems.

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