



## A STUDY ON THE TREND ANALYSIS OF TDS COLLECTION IN INDIA (2015–2024)

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### ABSTRACT :

Over the past decade, India's tax system has transitioned into a digitally driven, data-integrated ecosystem. Within this transformation, Tax Deducted at Source (TDS) has grown into a major and stable component of direct tax revenue, accounting for nearly half of the total collections. This study evaluates TDS collection patterns from FY 2015–16 to FY 2023–24, a period shaped by significant policy and technological reforms such as Demonetization (2016), GST implementation (2017), the widespread adoption of digital payments, and the launch of AIS, TIS, and the revised Form 26AS.

Using descriptive and analytical methods—including YoY growth, long-term trend line analysis, CAGR computation, and Pre-GST vs Post-GST comparison—this research identifies clear and consistent upward movement in TDS collections. Findings reveal that TDS revenue expanded at a CAGR of 10.78%, reflecting higher formalisation, improved reporting accuracy, and enhanced digital monitoring. Short-term declines during the economic slowdown and COVID-19 years were temporary and followed by strong recovery. The provisional fall in FY 2023–24 is attributed to reconciliation delays rather than structural weakness.

The study concludes that India's TDS system has become more resilient, transparent, and technology-enabled. Recommendations include strengthened validation systems, enhanced TRACES efficiency, simplified compliance interfaces for MSMEs, and deeper data integration.

### \*\*CHAPTER 1

#### INTRODUCTION\*\*

##### 1.1 Introduction

India's revenue system has undergone substantial modernisation in recent years, with digitalisation playing a central role. Among all direct tax mechanisms, TDS is particularly crucial because it collects tax at the source of income generation, ensuring steady inflow of revenue for the government. TDS reduces possibilities for tax evasion by making transactions traceable and by encouraging early compliance.

The period from 2015 to 2024 includes several high-impact developments—such as Demonetization, GST roll-out, expansion of digital platforms, and the introduction of new information tools like AIS and TIS—that significantly influenced taxpayer behaviour and overall compliance. Analysing TDS during this transformative decade offers meaningful insights into how reforms and technology shape tax trends.

##### 1.2 Background of the Study

TDS collections are sensitive to economic conditions, reporting behaviour, formalisation levels, and regulatory changes. The decade under study includes:

- **Demonetization:** Shift from cash to formal banking channels.
- **GST implementation:** More structured invoice reporting.
- **Digital payments boom:** Greater transaction traceability.
- **PAN–Aadhaar linkage:** Stronger identity verification.
- **Revised Form 26AS and AIS/TIS:** Comprehensive financial reporting.
- **COVID-19 pandemic:** Temporary disruption in professional and contractual payments.

These developments collectively influenced the structure and growth of TDS revenue.

##### 1.3 Problem Statement

Though TDS contributes significantly to India's direct tax collection, long-term studies examining its behavior over reform-intensive years are limited.

Most existing research focuses on isolated reforms (e.g., demonetization or GST) rather than examining the cumulative impact across a decade. This study aims to bridge this gap by analysing TDS trends over nine financial years and identifying patterns shaped by economic and policy developments.

#### *1.4 Need for the Study*

This study is important because:

- TDS is a major component of direct tax collections.
- The decade witnessed major reforms impacting compliance.
- Limited literature covers long-term TDS performance.
- Understanding these patterns helps policymakers and practitioners.
- Digitalisation has transformed tax administration, making analysis timely and relevant.

#### *1.5 Objectives*

1. Examine YoY changes in TDS collections (2015–2024).
2. Analyse long-term trends using a trend line.
3. Compare Pre-GST and Post-GST performance.
4. Calculate CAGR of TDS during the study period.
5. Interpret the impact of policies and digitalisation on TDS revenue.
6. Incorporate insights gained from practical exposure during internship.

#### *1.6 Research Questions*

- How did TDS collections change annually over the decade?
- What pattern does the long-term trend line reveal?
- How did GST implementation influence TDS?
- What does the CAGR indicate about growth stability?
- What external factors shaped TDS collection patterns?

#### *1.7 Significance of the Study*

This study benefits:

- **Researchers:** Adds decade-long empirical evidence.
- **Tax professionals:** Clarifies compliance trends.
- **Policy makers:** Helps in revenue forecasting.
- **Businesses:** Highlights the importance of timely reporting.
- **Students:** Offers a real-world understanding of TDS functioning.

## **\*\*CHAPTER 2**

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### **LITERATURE REVIEW\*\***

#### *2.1 Taxation and Revenue Systems*

Classical public finance literature (Musgrave, Stiglitz) emphasises taxation as a key source of government revenue and a tool for optimal resource allocation. Indian tax data show that TDS has continuously expanded, offering a consistent revenue stream even during economic uncertainty.

#### *2.2 Understanding TDS and Compliance Behaviour*

Studies highlight that TDS improves government cash flow while ensuring early compliance. Researchers have noted issues such as mismatched PAN, incorrect reporting, and delayed filings as persistent challenges. Despite these, automated systems have considerably improved accuracy.

#### *2.3 Digital Tax Reforms*

Digital reforms such as TRACES, online TDS statements, AIS/TIS, and revised Form 26AS enhanced efficiency, transparency, and monitoring. Literature suggests that digitalisation significantly improves taxpayer accountability by reducing manual errors and improving data traceability.

## 2.4 Trends in Fiscal and Tax Studies

Trend analysis is widely used to study long-term financial behaviour. Research indicates that major reforms like GST and demonetization often cause temporary fluctuations before stabilising outcomes. Most studies observe improvement in compliance post-reform.

## 2.5 Reforms and Their Revenue Impact

- **Demonetization:** Increased formal banking activities.
- **GST:** Improved documentation due to mandatory invoice reporting.
- **Digital initiatives:** Strengthened information systems and reduced evasion.
- **COVID-19:** Temporarily impacted tax collections due to disruptions in economic activities.

## 2.6 Professional Literature (ICAI & Practical Sources)

ICAI and professional publications highlight practical obstacles in correct TDS filing—such as TAN/PAN mismatches, challan errors, or incorrect section codes. These challenges observed at firms match academic findings, reinforcing their relevance.

## 2.7 Summary of Literature

The literature broadly concludes that TDS has become stronger and more transparent due to reforms and digitalisation. However, long-term trend studies remain limited, creating a space for this research to contribute meaningful evidence.

## \*\*CHAPTER 3

## RESEARCH METHODOLOGY\*\*

### 3.1 Study Title

*A Study on the Trend Analysis of TDS Collection in India (2015–2024)*

### 3.2 Research Design

This study follows:

- **Descriptive design** to present annual patterns, and
- **Analytical design** to interpret deeper trends and policy impacts.

### 3.3 Hypotheses

- **H<sub>0</sub>:** No significant upward trend exists in TDS collections.
- **H<sub>1</sub>:** A significant upward trend exists in TDS collections.

### 3.4 Data Sources

#### Secondary Data

- CBDT statistics
- Economic Surveys
- Union Budget documents
- RBI databases
- TRACES and ITD portals

#### Primary (Observational) Insights

Collected during internship, such as:

- Understanding TDS filing process
- Identifying defaults and mismatches
- Managing Form 24Q and 26Q filings
- Working with TRACES and Form 26AS

### 3.5 Limitations of Observation

- Limited exposure time
- Routine tasks mainly observed

- Sector-specific data not available
- 2023–24 data is provisional

### 3.6 Analytical Tools

- YoY trend analysis
- Linear trend line formula
- CAGR
- Pre-GST vs Post-GST comparison

## \*\*CHAPTER 4

### DATA ANALYSIS & INTERPRETATION\*\*

#### 4.1 Overview

This chapter examines the TDS data from FY 2015–16 to FY 2023–24 to identify growth patterns, fluctuations, and structural changes.

#### 4.2 YoY Trend Analysis

Year	TDS (₹ crore)	YoY %
2015–16	2,87,412	—
2016–17	3,43,134	+19.38%
2017–18	4,12,768	+20.28%
2018–19	4,87,667	+18.14%
2019–20	4,80,383	–1.49%
2020–21	4,70,276	–2.11%
2021–22	6,34,243	+34.92%
2022–23	8,17,970	+28.98%
2023–24	6,51,922*	–20.34%

(\*Provisional figures)

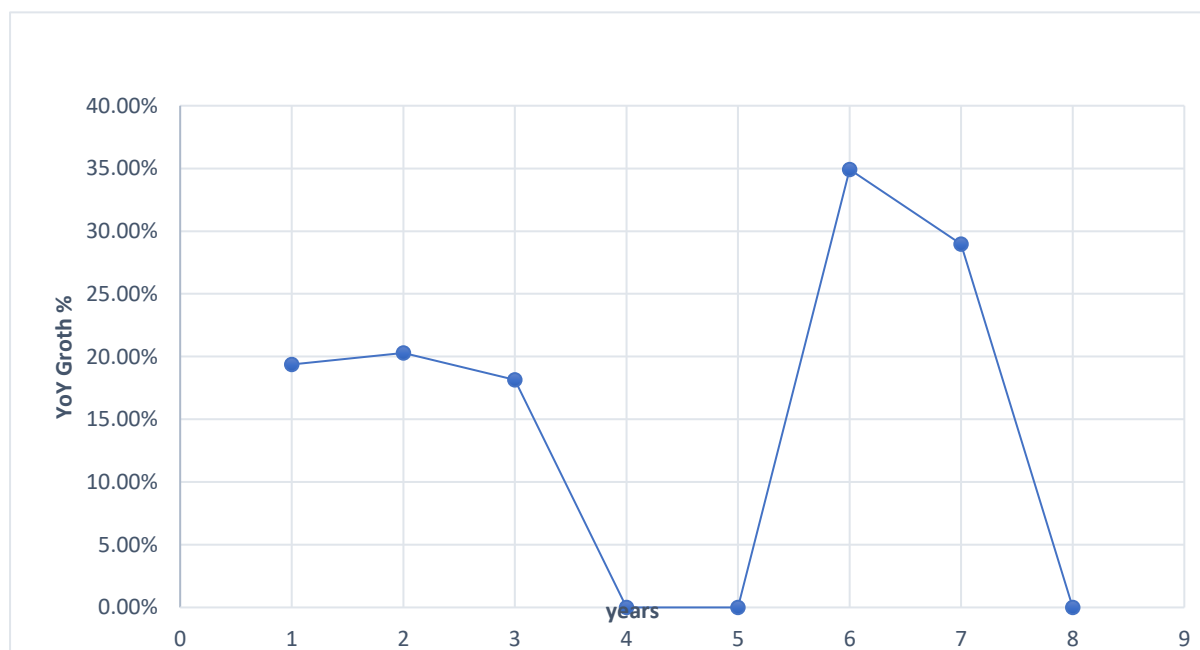
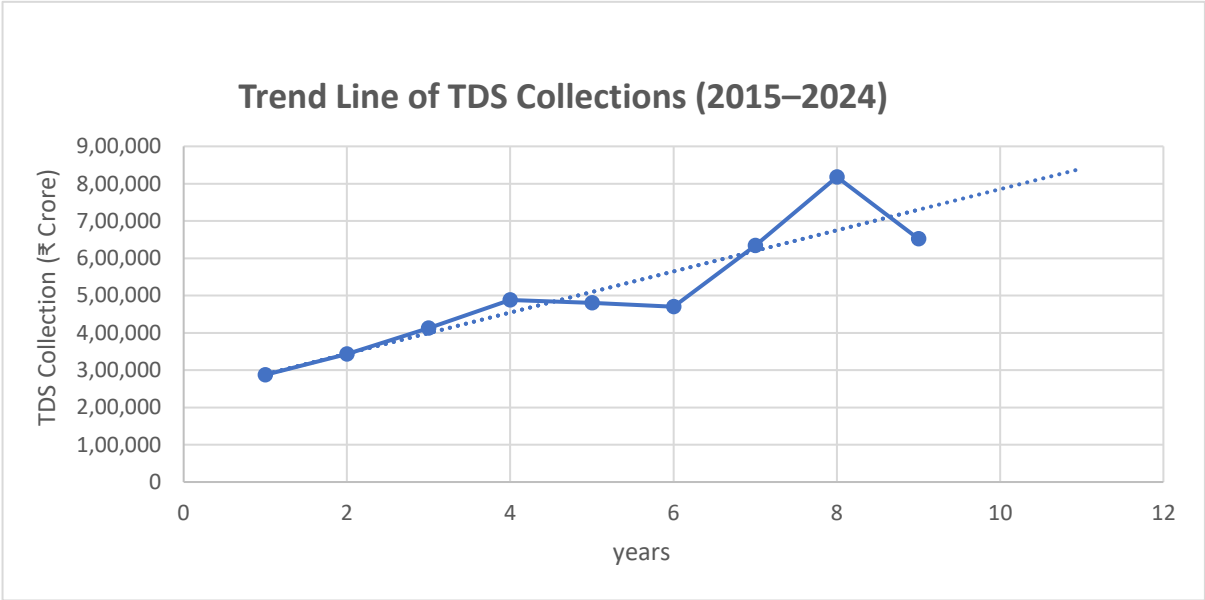


Figure 4.1: YoY TDS Collection Trend

**Interpretation**

- Strong upward growth from FY 2016–17 to FY 2018–19.
- Slight contractions during slowdown/COVID years.
- Sharp recovery post-2021 driven by digital monitoring and reopening.
- FY 2023–24 dip is temporary due to reconciliation lag.

**4.3 Trend Line Analysis**



**Figure 4.2: Linear Trend Line of TDS Collections**

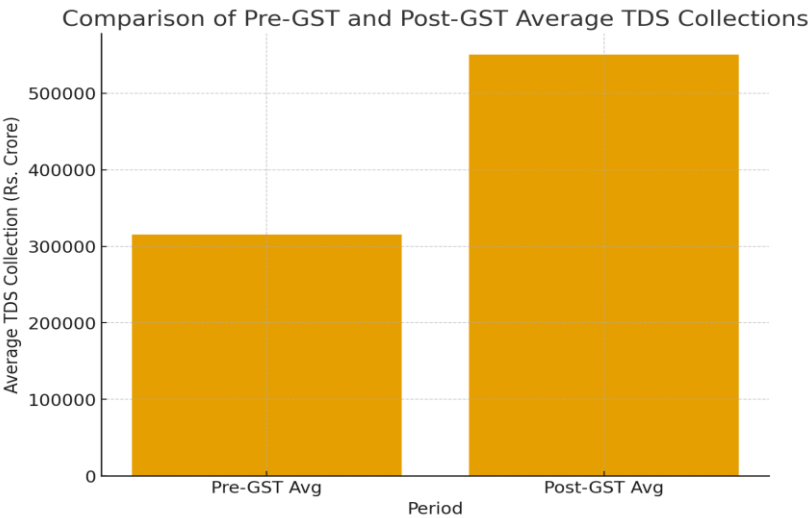
**Interpretation**

The upward slope of the trend line suggests structural growth in TDS revenue, despite short-term fluctuations.

**4.4 Pre-GST vs Post-GST Comparison**

Period	Average TDS (₹ crore)
Pre-GST (2015–2017)	3.15 lakh crore
Post-GST (2017–2024)	5.39 lakh crore

**Figure 4.3: Pre-GST vs Post-GST TDS Comparison**



#### 4.5 CAGR Calculation

CAGR (2015–2024) = 10.78%

Figure 4.4: CAGR Growth Curve (Insert Chart)

#### 4.6 Overall Interpretation

- TDS revenue expanded steadily over the decade.
- Digitalisation and formalisation strongly supported growth.
- Even during economic challenges, TDS remained resilient.
- Long-term trajectory indicates strengthening compliance behaviour.

### \*\*CHAPTER 5

## DISCUSSION\*\*

#### 5.1 Comparison with Literature

The study's findings align with earlier research indicating that tax digitalisation and formalisation substantially boost compliance and reporting accuracy. Policy reforms significantly shaped TDS behaviour, confirming the observations of multiple scholars and government publications.

#### 5.2 Influence of Reforms

- **Demonetization:** Encouraged formal transactions.
- **GST:** Improved documentation culture.
- **AIS/TIS & 26AS:** Made financial reporting more comprehensive.
- **Digital Payment Systems:** Increased traceability.
- **COVID-19:** A temporary dip, followed by strong rebound.

#### 5.3 Internship-Based Observations

Practical challenges observed include:

- Data mismatches
- Wrong PAN/TAN entries
- Incorrect section reporting
- Delays in TRACES corrections

These reinforce the need for simplified compliance processes.

### \*\*CHAPTER 6

## CONCLUSION & RECOMMENDATIONS\*\*

#### 6.1 Conclusion

The trend analysis clearly shows that TDS has grown substantially over the last decade, indicating rising formalisation and better compliance. With consistent upward movement, strong post-GST performance, and resilience during economic shocks, TDS has solidified its role as a major and reliable revenue source.

#### 6.2 Recommendations

1. **Real-time validation tools** to minimise mismatches.
2. **Improved TRACES efficiency** and faster processing.
3. **Simplified compliance support** for small businesses and individuals.
4. **Integrated data systems** combining GST, TDS, banking, and MCA databases.
5. **Automated templates** for TDS under common sections.
6. **Enhanced taxpayer awareness programs** across industries.

**\*\*CHAPTER 7****LIMITATIONS AND FUTURE SCOPE\*\*****7.1 Limitations**

- Sector-wise or region-wise analysis not included.
- Internship observations limited to one firm.
- Some data for FY 2023–24 remains provisional.
- No advanced econometric forecasting models applied.

**7.2 Future Scope**

- Detailed sectoral trend studies.
- AI/ML-based tax forecasting models.
- Behavioural research on TDS reporting.
- Comparative study of TDS with other direct tax mechanisms.

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