

WOMEN TAXPAYERS IN INDIA: REGIONAL DISTRIBUTION AND POLICY IMPLICATIONS

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Abstract

In recent years, women's tax-based participation has increased significantly in India. According to Lok Sabha data, the number of female taxpayers is increasing, with 22.9 million filing income-tax returns in assessment year (AY) 2023–24 as opposed to 18.3 million in AY20. The proportion of female taxpayers has increased by 25.3% over the past five years. According to the most recent data, ten states—Maharashtra leading at 16.1%—accounted for nearly three-fourths of all women who paid income tax (IT) in Assessment Year (AY) 2023–2024. A changing economic environment and expanding female workforce participation are reflected in India's growing number of women submitting income tax returns (ITRs). The regional distribution of female taxpayers, the socioeconomic variables influencing this trend, and the necessary legislative actions to further improve women's financial inclusion in taxation are all examined in this article.

Keywords: Women taxpayers, Tax Compliance, Income tax, financial inclusion

Introduction

The backbone of any economy, taxation ensures revenue generation for the government while promoting economic stability and development. Women's participation in the tax system is a significant indicator of their economic empowerment and financial independence. In India, women make up a significant portion of the workforce, but their contribution as taxpayers is still relatively low compared to men. Due to reasons like income inequality, lower workforce engagement, and disparities in financial awareness, women have historically participated in India's tax system at a lower rate than males. Nonetheless, current patterns show that more women are submitting income tax returns (ITRs), which is indicative of legislative changes and economic empowerment. In order to enable them to live autonomous and satisfying lives, women are today granted the ability to make decisions, equal access to opportunities, and social, economic, political, and legal rights.

Review of Literature

The overview of the Indian tax system and upcoming difficulties are the main topics of the (Kumat, 2014) research paper on Taxation laws of India: overview and Fiscal Analysis. According to him, a system of coordinated consumption taxes ought to exist. He adds that increasing the tax system's productivity in India remains a significant obstacle.

(Ghuge & Katdare, 2015), In his research paper on **Indian Tax Structure- An Analytical Perspective** describes direct taxes and indirect taxes are the two categories of taxes in India.

Direct Tax

Depending on their profits, people and companies are subject to direct taxation, which is overseen by the Central Board of Direct Taxes (CBDT). The tax rate is determined by income slabs; the higher the income, the higher the tax. As a result, a higher-income earner pays more in taxes than a lower-income earner. You must settle your tax obligation directly; there is no middleman involved. Penalties and interest may

be incurred for late tax payments. Income tax and corporation tax are examples of direct tax.

What Kinds of Direct Taxes Are There?

- Corporation tax
- Taxes on income
- Estate duty
- Interest Tax
- Wealth Tax
- Gift Tax
- Land Revenue
- Agricultural tax
- Hotel receipts tax
- Expenditure tax
- Other's

Indirect Taxes

Indirect taxes are assessed on products and services rather than income. Purchased goods and services are subject to indirect tax, which is overseen by the Central Board of Indirect Taxes and Customs (CBIC). The higher costs of the goods and services you use are how you indirectly pay for these. Indirect taxes include things like primary customs duty and GST (Goods and Service Tax).

What Kinds of Indirect Taxes Are There?

- Customs
- Union excise duties
- Service tax

- State Excise duty
- Stamp and registration fees
- General Sales tax
- Taxes on vehicle
- Entertainment tax
- Taxes on goods and passengers
- Taxes and duties on electricity
- Taxes on the purchase of sugarcane
- Others

Research Objective

- To analyze the distribution of women taxpayers across different states.
- To examine the key factors influencing higher tax compliance among women.
- To suggest policy measures to further increase women's tax participation.

Research Methodology

The Ministry of Finance's secondary data served as the sole source of information for this article. The information is based on electronic returns that women submitted up until September 30, 2024, using a variety of ITR forms. The communication address in the ITR or, if it was not available, the PAN master, was used to identify the status. Women's involvement in India's official economy and tax system is increasing, according to this report.

State-Wise Summary on Women Income-Tax Return Filers (Up To 30-Sep-2024)

S.No.	Name of State/UT	AY 2019-20	AY 2020-21	AY 2021-22	AY 2022-23	AY 2023-24
1	Andaman and Nicobar Islands	10,113	10,230	12,508	10,134	11,116
2	Andhra Pradesh	5,52,300	5,23,418	5,36,312	5,86,859	6,53,218
3	Arunachal Pradesh	3,493	3,375	3,661	4,131	4,765
4	Assam	2,01,939	1,88,232	1,94,034	2,04,830	2,17,090
5	Bihar	3,95,728	4,02,289	4,35,928	4,68,480	5,10,234
6	Chandigarh	89,873	88,904	85,146	83,291	88,115
	Chhattisgarh	2,98,771	2,98,112	3,13,680	3,36,696	3,66,373
7	Dadra and Nagar Haveli	8,595	8,293	8378	8453	9001

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8	Daman and Diu	5429	5395	5553	5523	5854
9	Delhi	10,89,803	10,86,085	10,84,178	11,21,370	12,08,531
10	Foreign	15,475	22,359	27,879	31,267	40,327
11	Goa	80,262	76,950	80,230	84,942	92,626
12	Gujarat	18,08,749	18,48,233	19,50,499	20,84,639	22,50,098
13	Haryana	7,34,540	7,46,814	8,33,016	9,22,157	9,77,403
14	Himachal Pradesh	1,28,638	1,21,568	1,29,724	1,42,523	1,65,059
15	Jammu & Kashmir	78,781	76,203	86,147	1,03,439	1,17,514
16	Jharkhand	2,46,714	2,48,427	2,65,070	2,87,886	3,18,065
17	Karnataka	11,34,903	11,08,557	11,67,825	12,88,107	14,30,345
18	Kerala	5,76,300	5,68,916	6,12,093	6,85,201	7,73,842
19	Ladakh	30	242	269	171	205
20	Lakshadweep	1,108	950	934	1,254	1,125
21	Madhya Pradesh	7,15,357	7,13,234	7,58,352	8,17,269	8,77,857
22	Maharashtra	29,94,756	29,83,114	31,53,173	33,89,737	36,83,457
23	Manipur	14,039	12,799	14,832	17,404	18,697
24	Meghalaya	8,011	7,934	8,757	9,830	11,175
25	Mizoram	1,068	1,144	1,296	1,833	2,090
26	Nagaland	4,708	4,543	5,195	6,043	6,793
27	Orissa	2,79,965	2,77,619	2,98,853	3,30,353	3,69,410
28	Puducherry	30,892	29,909	31,190	33,554	36,624
29	Punjab	9,70,801	9,52,516	11,00,730	12,60,517	13,22,580
30	Rajasthan	10,77,487	10,91,899	11,58,517	12,47,240	13,52,202
31	Sikkim	2,976	2,912	3,107	3,421	4,136
32	Tamil Nadu	12,92,028	12,48,720	13,10,279	14,16,364	15,51,769
33	Telangana	6,13,207	6,00,346	6,86,825	7,79,088	8,55,113
34	Tripura	18,642	17,264	18,448	20,373	22,791
35	Uttar Pradesh	15,81,627	16,02,701	17,05,427	18,70,873	20,43,794
36	Uttarakhand	1,94,330	1,91,330	2,04,484	2,24,600	2,46,667
37	West Bengal	10,50,755	10,55,110	11,13,569	11,89,293	12,95,506
38	Unapportioned	7	153	169	388	420
	Grand Total	1,83,12,200	1,82,26,267	1,94,06,267	2,10,79,533	2,29,41,987

Note:

- Individuals (women) have submitted their most recent e>Returns in ITR-1/2/2A/3/4/4S for certain AYs up until September 30, 2024. The PAN Master has provided the gender of each ITR filer.
- The State listed in the PAN Master address has been taken, if the State listed

in the communication address in Part-A General of Income-Tax Returns has not been taken.

- Addresses that contain blank or inaccurate states have been categorized as "Unapportioned."

Regional Distribution of Women Taxpayers in Ay 2023-24

Top 10 States Contributing to Women IT

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Indexing: SIS, DRIJ, OASI, IFSIJ

Payers

According to the data, ten states account for approximately 75% of total women income tax filers in AY 2023-24. The distribution is as follows:

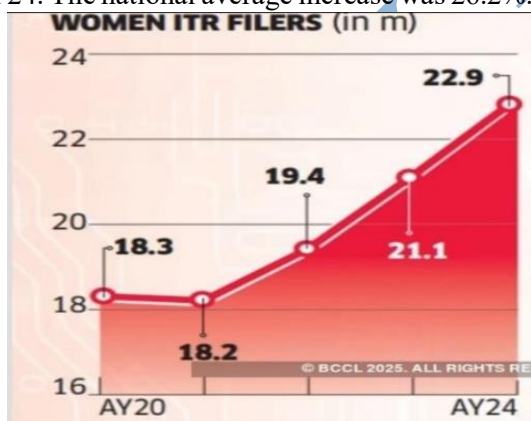
Share of Women IT Payers in total (in AY24, in %)

Maharashtra	16.1%
Gujarat	9.8%
Uttar Pradesh	8.9%
Tamil Nadu	6.8%
Karnataka	6.2%
Rajasthan	5.9%
Punjab	5.8%
West Bengal	5.6%
Delhi	5.3%
Haryana	4.3%

Maharashtra leads significantly, contributing 16.1% of all women IT payers, followed by Gujarat (9.8%) and Uttar Pradesh (8.9%).

Top Five States with the Highest Increase

The data reveals that among 28 states, 16 states recorded a higher increase in women ITR filers than the national average between AY20 & AY24. The national average increase was 26.2%.



Source: economictimes.com

Change In Women ITR Filers Between Ay20 And Ay24(In %)

Top Five States with the Highest Increase

1. Mizoram – 95.7%
2. Nagaland – 44.3%
3. Meghalaya – 39.5%
4. Telangana – 39.4%
5. Sikkim – 39.0%

These states, particularly from the Northeast, have shown remarkable improvements, indicating policy effectiveness and economic shifts.

Bottom Five States with the Lowest Increase

6. Assam – 7.5%
7. Goa – 15.4%
8. Andhra Pradesh – 18.3%
9. Tamil Nadu – 20.1%
10. Tripura – 22.3%

Assam's low increase could be attributed to economic stagnation, tax literacy gaps, and a high informal sector presence.

Women filing income tax returns' trend.

The graph shows the increase in the number of women filing Income Tax Returns (ITR) in India over different assessment years (AY). The data points indicate that:

- In AY20, the number of women ITR filers was approximately 18.3 million, with a slight dip to 18.2 million.
- By AY22 and subsequent years, there was a steady increase, in reaching 19.4 million at one point.
- In AY24, the number of women ITR filers surged significantly to 22.9 million, showing a strong upward trend.

This graph highlights a positive growth trajectory, indicating increased financial participation and tax compliance among women in India.

Factors Contributing to Higher Women Tax Participation

Economic Growth and Employment Chances: Maharashtra, Gujarat, and

Karnataka have secure industrial and service sectors that offer greater opportunities for women.

Urbanization and Higher Literacy Rates:

Women in urbanized states like Maharashtra and Delhi have better access to education and jobs, leading to increased tax compliance.

Entrepreneurship and Business Growth:

A large portion of tax filings in Gujarat and Maharashtra are from women-led enterprises.

Government Programs and Financial

Inclusion: Policies that encourage financial independence, like the Bhartiya Mahila Bank Commercial Loan Scheme, Dena Shakti Scheme, Udyogini Scheme, Mahila Udyam Nidhi Scheme, and Stree Shakti Scheme, among others, have contributed to the rise in female entrepreneurs and, eventually, female tax participation.

Higher Education and Skill Development:

More women are enrolling in professional programs and higher education these days. Women filing taxes rose as a result of government programs like Beti Bachao Beti Padhao and a greater emphasis on STEM sectors for women.

Higher Workforce Participation: Women now have more opportunities because of growth in industries including IT, healthcare, banking, and entrepreneurship. Freelancing, remote employment, flexible work schedules, and a work-from-home culture all contribute to this rise.

Law Reforms and Government Policies: The Maternity Benefit Act (Amendment) increased maternity leave to 26 weeks, improving assistance for working moms. Programs such as Mudra Yojana encourage women entrepreneurs to launch and grow their enterprises by offering them financial help. Growing awareness of workplace rights and fair pay has sparked increased conversations and revisions to gender equality policies.

Changing Social Norms and Family Support:

As a result of a shift towards gender equality,

urban families are becoming more tolerant of women handling money and working. As dual-income homes become more common, women are becoming more financially independent and families are experiencing better financial security.

Growth of Women Entrepreneurship:

Government programs like Stand-Up India and Start-up India have encouraged women to start their businesses, leading to an increase in women-led firms. Women now have the flexibility and financial independence to launch small companies from home, including selling goods on Etsy and Instagram, thanks to digital platforms.

Financial Literacy and Investment

Awareness: As interest in wealth building and financial independence grows, more women are actively investing in equities, mutual funds, and real estate. Women now have formal banking and financial security thanks to financial inclusion initiatives like the PM Jan Dhan Yojana, which have made it possible for them to create bank accounts.

Impact of the Media and Role Models: Women who have achieved success in business, sports, and entertainment are encouraging others to break down barriers and follow their dreams. Women are being actively encouraged to take charge of their finances and assets by social media influencers and other platforms.

Growing Consumer Power and Shifting

Spending Patterns: Women are increasingly influencing significant purchases and lifestyle choices within the household. Spending on fashion, travel, education, and self-care has increased, which is indicative of women's shifting priorities and increasing financial freedom.

Challenges Affecting Women's Tax Compliance

Economic Barriers

- **Lower Earnings & Informal Employment:**
Women often earn less than

men and are more likely to work in informal sectors, where tax compliance mechanisms are weak or non-existent.

- **Limited Access to Finance:** Difficulty in accessing credit or financial services makes it harder for women to formalize their businesses and meet tax obligations.

Knowledge & Awareness Gaps

- **Low Financial & Tax Literacy:** Many women, especially in rural areas, have limited knowledge of tax laws, deductions, and filing procedures.
- **Complex Tax Systems:** Complicated tax codes and unclear regulations make compliance difficult, particularly for small-scale women entrepreneurs.

Administrative & Bureaucratic Challenges

- **Cumbersome Tax Filing Processes:** Lengthy and complicated procedures discourage compliance.
- **Lack of Gender-Sensitive Tax Policies:** Most tax systems are designed with a one-size-fits-all approach, failing to address gender-specific barriers.

Social & Cultural Factors

- **Traditional Gender Roles:** In some cultures, women rely on male family members for financial decisions, limiting their involvement in tax matters.
- **Care Responsibilities:** Unpaid care work limits the

time women have to focus on business and tax compliance.

Legal & Policy Gaps

- **Discriminatory Tax Laws:** Some tax policies, such as income tax structures or indirect taxes on essential goods, disproportionately impact women.
- **Limited Representation in Decision-Making:** Few women are involved in tax policy formulation, leading to policies that do not consider their unique challenges.

Policy Recommendations to Increase Women's Tax Participation

Gender-Sensitive Taxation Policies

- **Higher Tax Rebates for Women:** Offering additional deductions for working women, especially in middle- and lower-income groups.
- **Reduced GST on Women-Centric Products:** Lowering tax on essential goods such as sanitary products and childcare items.

Enhancing Financial Literacy Programs

The government should conduct tax awareness campaigns in rural and semi-urban areas to educate citizens about their tax obligations and benefits. Introducing financial education in the school curriculum can help encourage long-term tax compliance.

Encouraging Women Entrepreneurs

- **Simplified Tax Compliance for Women-Owned Businesses:** Reducing GST filing complexity for small businesses run by women.
- **Special Loan and Investment**

Incentives: Offering tax benefits on loans taken by women entrepreneurs.

Social Security and Tax Benefits for Women

- **Childcare and Caregiving Deductions:** Allowing tax deductions for expenses related to childcare and elderly care.
- **Retirement and Pension Benefits:** Providing special tax exemptions for women to encourage long-term savings.

Conclusion

Women in India are becoming more financially independent, as evidenced by the rise in female income tax registrants and their regional distribution. Because of economic opportunity, urbanization, and governmental initiatives, Maharashtra, Gujarat, and Uttar Pradesh have the highest tax contributions from women. Broader involvement is nevertheless hampered by issues including the gender wage gap, limitations in tax literacy, and informal work. India can further increase women's tax base contributions and create a more equitable economic system by enacting gender-sensitive tax laws, financial literacy initiatives, and assistance for female businesses.

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