

CHAPTER - IV

CONCLUSIONS AND SUGGESTIONS

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Having discussed in the earlier Chapters, the general nature of the incentives of the Income Tax Act and the various statutory provisions thereunder and further legislative variations made thereunder from time to time, an effort is being made in this Chapter to discuss further some of the practical problems relating to these specific incentives which are available under these particular sections.

Having gone through the above problems and the legislative background relating to the incentives, following conclusions and suggestions emerged from the study under the examination :

1. The incentives provided under the scheme of taxation are not confined strictly to the fiscal issues. There are social and economic aspects involved in these incentives. The fiscal provisions attract sole attention on resource mobilization and elimination of income and wealth disparities. However, some of the incentives such as diversion of companies from heavily concentrated -

belts to the backward areas has welcome features.

2. The incentives for resource mobilization, more particularly for savings and investment, have been provided under the scheme of taxation. However, there is no consistent or uniform approach towards the issue, as various incentives for savings and investment provide for different rates of return period to redemption, assessability of income, period of expiry stipulated under law, etc. There ought to be some uniform pattern in regard to the resource mobilization which is a very significant canon under the fiscal framework. This becomes more significant in view of the fact that heavy reliance on deficit financing and borrowings have exerted critical financial pressure on the government exchequer and the relaxation of this pressure would be possible through fiscal operations where heavy reliance on resource mobilization through savings can be resorted to.
3. The incentives provided under the statutes have been amended from time to time. The spate of amendments is so heavy as can be seen from the legislative variations made in the earlier Chapter. There should be some certainty, stability and simplicity so far as these incentives are concerned.
4. The framework of incentives has been split up under various sectors, e.g. certain incentives are based on payment whereas certain other incentives are related to savings. The overall structure of the incentives should

be so provided as to be easily understandable to a layman in general and to an assessee in particular.

5. There should be a constant monitoring body to measure the impact of incentives of resource mobilization, savings, investment, capital formation and the overall economic growth of the country.

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