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Chapter – V

CONCLUSIONS AND SUGGESTIONS

5.1 Introduction

Tax is a definite and reliable source of revenue for each and every government in general, and the rural local government like Village Panchayat in particular. Its exploitation and utilization makes very much difference about revenue collection and consequently expenditure and functions at services to be provided by the grass root level local government like Village Panchayat. But tax as a source of revenue has been facing the number of problems. It is against this background, it is of vital importance to study the taxes and related problems. The present study endeavours to study the problems and prospects of taxation of Atpadi Village Panchayat of Sangli district in the state of Maharashtra.

5.2 Major Conclusions

The major conclusions of the present study are as follows :

1. Tax is an important source of revenue for the Atpadi Village Panchayat, but not a prominent revenue source. It was dominated by the grant revenue than the tax revenue. Tax revenue contributed by 38% on an average to tax revenue of this panchayat.

2. Atpadi Village Panchayat imposes the number of taxes on its citizens to collect tax revenue. But except House Tax all other taxes have only meagerly contributed to the tax revenue. More over 75% of tax revenue is collected by this panchayat through house tax only.
3. Taxes are divided into Direct Taxes and Indirect Taxes, and consequently Direct Tax Revenue and Indirect Tax Revenue as well. Tax revenue of the Atpadi Village Panchayat is dominated by the Direct Tax Revenue than the Indirect Tax Revenue by more than 95% on an average.
4. Taxes did not become the backbone of the Total Revenue of the Village Panchayat Atpadi. Their contribution to the Total Revenue stood at less 25% during the period into consideration.
5. The study of tax structure of the Atpadi Village Panchayat reveals that, it was not a progressive taxation with different in absolute amount, and not in terms of percentage.
6. The taxes of Atpadi Village Panchayat are more or less stable and stagnant, during the period under the study. They have shown a very mild growth of less than two percent per annum. This was attempted for a few taxes only.
7. The extent of tax burden borne by the people of Atpadi Village is very much less and insignificant one during the study period. It stood at Rs. 50 on an average for the total taxes and very less for the indirect taxes.

8. Village Panchayat Atpadi has failed in the efficient administration of the taxation during the period into consideration. It is because the amount of tax dues was in considerable amount. It rose for Rs. 30,553 in 2000-01 to Rs. 42,536 in 2012-13, and the number of tax overdues stood at 725 in 2000-01 and 361 in 2012-13 respectively.
9. The problem of dues of tax in the area under jurisdiction of Atpadi Village Panchayat led to a short fall of revenue as well as expenditure for this panchayat. It stood on an average at 5% respectively.
10. Tax collection by the Atpadi Village Panchayat was not economical, but it was expensive during the period under study. It stood at Rs. 12,526 in 2000-01, which significantly rose to Rs. 19,325 in 2012-13, is a thing of concern.

5.3 Important Suggestions

The important suggestions useful for dealing with the problems of taxation of the Panchayat of Atpadi and their bright future are as follows :

1. Due, rigorous and honest efforts should be made by the Atpadi Village Panchayat to exploit all its sources that will enhance its tax revenue significantly.
2. The tax structure should be made progressive with different rates of taxes for different slabs of tax base, that will put heavy tax burden on the rich section of population.

3. Atpadi Village Panchayat should carry out efficient and economical administration of taxation by making a separate provision of Tax Department in its administration.
4. The grants given by the central and state governments should be linked to efficient tax administration by the Village Panchayat.
5. Panchayat members, social activists should help and participate in tax collection by the Village Panchayat.
6. State Finance Commission should be more rigorous and honest in assessing tax related issues of the Panchayat and suitable suggestions so that Village Panchayat taxation will be more productive and efficient.
7. Village Panchayats should be given autonomy to impose and collect new sources of taxation and the frequent changes in the tax rates and tax base.
8. Village Panchayat of Atpadi should appoint a study group to study thoroughly its taxation, so that it can be more productive and efficient.

5.4 Testing of the Hypothesis of the Study

The present study has not used any statistical method of hypothesis testing. But it has incorporated the analysis relating to the hypothesis of the study. The Village Panchayat of Atpadi has imposed and collected the number of taxes, but only house tax was dominant and unique in tax revenue collection. Hence taxation could not become

a backbone of revenue for the Atpadi Village Panchayat. They could contribute by 38% share on an average to the Total Tax Revenue and by 25% share to Total Revenue of this Village Panchayat. Thus, the hypothesis of the study was tested, but it did not prove.