

PROSPECTS OF ATPADI VILLAGE PANCHAYAT TAXATION

Miss. Sawat Sulkashana, Research Student Department of Economics, Shivaji University, Kolhapur.

Abstract: Like any other economic unit, government needs fund to finance its activities. Such funds are raised from various sources. Its sources include tax income from public undertaking, fees, fines, gifts, donations etc. These sources are divided into tax revenues and non tax revenue.

Key words: village Panchayat, Tax Rate, per family direct & indirect Tax

Introduction: Like the central and state government, local government also performs various different functions to achieve its predetermined objectives. Therefore, it also requires finance or revenue. In absence of revenue it cannot perform functions and also cannot achieve its predetermined goals. Therefore, it becomes necessary to take into account the sources of revenue of the local government.

Functions of Village Panchayat : The functions of Village Panchayat can broadly be divided into two categories viz. obligatory and discretionary. .

a) Obligatory Functions

- i) The construction, repair, cleaning of public streets
- ii) Registration of birth, death and marriage
- iii) Establishing and maintaining village primary schools for boys and girls

b) Discretionary Functions

- i) To improve a medical treatment of cattle and predation of diseases in them
- ii) Establish an escallop co-operative stores for example increased seeds and implements

Total Revenue:

Problems of Atpadi Village Panchayat Taxation

The general problems of Village Panchayat taxation are -

- i) High rate of taxation, it leads to taxes evasion among people
- ii) Complex and rigid nature of tax pay
- iii) Donation given by industrialist as well as businessmen to political parties
- iv) Local bodies have to depend upon grant-in-aid being given to them by state government generally it is observed that not only these grant are insufficient they are not being received regularly in time.

The actual problems of taxation of Atpadi Village Panchayat are as follows:

Tax Revenue:

Over dues defined as the amount of money which has not been paid even though the date on which it should have been returned. Table No. 4.1 shows the ratio of tax revenue to various total revenue items which includes tax revenue and grant-in-aid.

Table No. 4.1

Ratio of Tax Revenue to Total Revenue in Atpadi Village Panchayat

Year	Tax Revenue	Total Revenue	Total
2000-01	722123 [7.41]	9025990 [92.68]	9738113 [100]
2001-02	548455 [30.91]	1225434 [69.08]	1773889 [100]
2002-03	519529	1301969	1821498

	[28.52]	[7.47]	[100]
2003-04	624720 [28.87]	1538542 [71.12]	2163262 [100]
2004-05	787847 [30.01]	1836848 [69.98]	2624695 [100]
2005-06	569119 [27.63]	1490045 [72.36]	2059164 [100]
2006-07	1304813 [43.06]	1724967 [56.93]	3029780 [100]
2007-08	1047503 [34.13]	2021127 [65.86]	3068630 [100]
2008-09	1104316 [32.20]	2322627 [66.77]	3426942 [100]
2009-10	1973053 [32.46]	4106732 [77.54]	6079785 [100]
2010-11	2925387 [27.68]	7639926 [72.31]	10565313 [100]
2011-12	2932995 [25.40]	8609955 [75.59]	11542950 [100]
2012-13	3593662 [8.13]	40595548 [91.86]	44189210 [100]
CGR	27.46	17.64	22.27
CV	75.84	159.75	168.17

Source : Annual Budgets of Atpadi Village Panchayat

It was seen from the above table that the tax revenue to total revenue shows gradual growth with considerable fluctuations. Total revenue is increased from Rs. 722123 in 2000-01 to Rs. 3593662 in 2012-13. Total tax revenue was Rs. 9025990 in 2000-01 that rose to Rs. 40595548 in 2012-13 respectively. The compound growth rate of tax revenue is 27.46 and total revenue is 17.64 percent. The percentage share of tax revenue to total is 7.41 percent in 2000-01. After that it increased to 30.91 percent in 2001-02 and declined to 28.52 percent in 2002-03. Later it increased to 28.87 percent, 30.01 percent in 2003-04 and 2004-05. Again it declined to 27.63 percent in 2005-06 and 43.6 percent in 2007-08. In 2008-09 it increased to 32.20 percent and declined to 27.68 percent in 2010-11 and 25.40 percent and 8.13 percent in 2011-12 and 2012-13.

The percentage share of the tax revenue to total revenue was 92.68 percent in 2000-01. It declined to 69.08 percent in 2001-02; again it declined to 71.47 percent in 2002-03. It declined to 71.12 percent in 2003-04 and 69.68 percent in 2004-05. It increased to 72.36 percent in 2005-06 and declined to 56.93 percent in 2006-07. Again it increased to 65.68 percent, 66.77 percent, 67.54 percent, 72.31 percent, 75.59 percent and 91.86 percent in 2007-08, 2008-09, 2009-10, 2010-11 and 2012-13 respectively.

The Village Panchayat works at ground level of Panchayat Raj. Grampanchayat is known an important component of Panchayat is an executive body of Gramsabha. In Maharashtra Grampanchayat has been established under the rule of Mumbai Act 1958. Sometimes establishment of Grampanchayat, the population, income and a geographical structure of the village are taken into account. Besides, the Panchayat Panchayat Samiti and the Zilla Parishad also recommend the establishment of the Grampanchayat

The act of 1958 empowers the Village Panchayat to impose different taxes so as to collect income required for performing functions. Assign the taxes, house tax,

sanitary tax, light tax that are imposed on the properties. The taxes are imposed on both the rateable value as well as capital value of properties. The Panchayat under our study imposes these taxes on the capital value of properties. The taxes namely water tax, market tax are imposed on the services provided by Panchayat. The 1958 act has fixed maximum and minimum rates of taxes within this limit, the Village Panchayat have to determine rates of taxes which are being imposed by the

Table No. 4.2**Tax Structure and Rates of Taxes in Atpadi Village Panchayat**

Type of taxes	2000-05	2005-09	2009-12	Simple Growth Rate
A) House Tax	Per 100 sq. ft.	Per 100 sq. ft.	Per 100 sq. ft.	
i) House of Stone, Bricks, Cement	Rs 40	Rs 40	Rs 50	20%
ii) Slab House	RS 50	Rs 80	Rs 100	50%
iii) RCC Marble House	Rs 70	Rs 90	Rs 90	22.22%
iv) Color house	Rs 40	Rs 40	Rs 50	25%
B) Water Tax	Each family per year	Each family per year	Each family per year	
i) Public Water Tax	Rs 75	Rs 100	Rs 150	50%
ii) Personal Water Tax	Rs 400	Rs 450	Rs 450	12.5%
iii) Industrial Water Tax	Rs 800	Rs 1000	Rs 1000	25%
C) Market Tax				
i) Daily Market Tax	Rs 6	Rs 8	Rs 10	9%
ii) Weekly Market Tax	Rs 5 – 7	Rs 7- 10	Rs 10-12	40%
D) Light Tax	Rs 25	Rs 50	Rs 70	50%
E) Sanitary Tax	Rs 20 per family	Rs 22 per family	Rs 25 per family	20%

Source: Annual Budgets of Atpadi Village Panchayat

Tax Structure of Village Panchayat

The Village Panchayat collects its revenue through tax, is a very important source of Village Panchayat tax revenue.

A) Rates of House Tax

The house tax is a very common feature in all Village Panchayat. This type of tax mainly depends upon types of house and it is imposed on the per 100 square feet built up area of house.

i) House of Stone Bricks, Cement

The rate of tax on house of stone bricks and cement in Atpadi Village Panchayat was Rs. 40 per 100 square feet during 2000-2005 and 2005-2009, it was increased to Rs. 50 per 100 square feet from 2009-2013 which shows a simple growth rate of 20% during 2000-13.

ii) RCC Marble House

During the period 2000-01 to 2012-13 the rate of tax for marble house was Rs. 70 per 100 square feet that increased to Rs. 90 per 100 square feet during 2005-12, which indicates simple growth rate of 22.22% during the period into consideration.

iii) RCC Slab House

The rate of slab house in Atpadi Village Panchayat was Rs. 50 per 100 square feet in 2000-05. It increased to Rs. 80 per 100 square feet in 2005-09 and Rs. 100 per 100 square feet in 2009-13 with a simple growth rate of 50%.

iv) Colour House

The rate of taxes on colour house in Atpadi Village Panchayat was Rs. 40 per 100 square feet in 2000-09, which increased to Rs. 50 per 100 square feet in 2009-12 with a simple growth rate of 25%.

B) Rates of Water Tax

The Atpadi Village Panchayat imposes water tax in three forms – i) Public Water Tax, ii) Personal Water Tax and iii) Industrial Water Tax.

i) Public Water Tax

The rate of public water tax charged by the Atpadi Village Panchayat was Rs. 75 per family for the period 2000-05 that increased to Rs. 100 per family in 2005-09, again increased to Rs. 150 per family in 2009-13 with a simple growth rate of 50% during 2000-01 to 2012-13.

ii) Personal Water Tax

During the period 2000-01 to 2012-13 personal water tax was Rs. 400 per family in 2000-05. It was increased to the rate of Rs. 450 per family in 2005-013 with a simple growth rate of 12.5%.

iii) Industrial Water Tax

The rate of industrial water tax of Atpadi Village Panchayat was Rs. 500 for the period 2000-05 and it increased to Rs. 1000 for the period 2005-13 with a simple growth rate of 25%.

B) Market Tax

The Atpadi Village Panchayat imposes a tax in two forms i. e. i) Daily Market Tax and ii) Weekly Market Tax.

Table No. 4.2 indicates the rates of market tax of Atpadi Village Panchayat during the period under study.

i) Daily Market Tax

Daily market tax was Rs. 6 for each seller during the period 2005-09, it increased to Rs. 10 during 2009-13.

ii) Weekly Market Tax

The Atpadi Village Panchayat imposed weekly market tax for the period taken into account in the study. The rates of weekly market tax during the period 2000 to 2013 was Rs. 5-7 for each seller during the period 2000 to 2005 which increased to Rs. 7-10 in 2005-09 and further increased to Rs. 10-12 for the period 2009-13.

D) Light Tax

The Atpadi Village Panchayat has imposed light tax to collect its revenue. Its rate was Rs. 25 per house, it increased to Rs. 50 per house during 2005-09 and again increased to Rs. 70 during the period 2009-13.

E) Sanitary Tax

Sanitary tax was Rs. 20 per family during the period 2000-05, it increased to Rs. 22 per family in 2005-09 and again increased to Rs. 25 per family in 2009-13.

The rate of taxes was increased by 20% to 25% during the study period. In recent years a tax burden is fluctuating which is burden by citizens depending upon the extent of burden

Definition of Over dues

Out of total families which families don't pay tax in given time are called over dues.

Table No. 4.4
Number of over dues to Total overdubs

Year	Total Over dues	No. Of Over dues'
2000-01	30553	725
2001-02	25216	814
2002-03	34521	301
2003-04	41563	798
2004-05	38127	1305
2005-06	48809	979
2006-07	22171	521
2007-08	29720	648
2008-09	23342	468
2009-10	20546	425
2010-11	23735	760
2011-12	32382	1320
2012-13	42536	361
CGR	- 1.01	4.91
CV	24.52	40.02

Source: Annual Budgets of Atpadi Village Panchayat

It is seen from the above table that total over dues per family of Atpadi Village Panchayat.

The column number 2 of Table No. 4.4 shows that the total over dues of tax revenue in Atpadi Village Panchayat. It was Rs. 30553 in 2000-01 which declined to Rs. 25216 in 2001-02 and increased to Rs. 34521, Rs. 41563 in the year 2002-03 and 2003-04. It declined to Rs. 38127 in the year 2004-05 and again increased to Rs. 48809 in 2005-06. It declined to Rs. 22171 in 2006-07 and increased to Rs. 23342 in 2007-08. However, during the year 2008-09 and 2009-10 it declined to Rs. 23342 and Rs. 20546 and increased to Rs. 23735, Rs. 32382 and Rs. 42536 in the year 2010-11, 2011-12 and 2012-13.

Table No. 4.4, column No. 3 shows the tax over dues of Atpadi Village Panchayat. It was Rs. 725 per family in 2000-01 and increased to 814 per family in 2001-02. It declined to 301 per family in 2002-03 and increased to 798 and 1305 per family in 2003-04 and 2004-05. Further it decreased to 979 and 521 in 2006-07 and 2007-08. Again it increased to 648 per family in the year 2008-09. Later on in 2009-10 and 2010-11 it decreased to 468 and 425 per family. Again it increased to 760 and 1230 per family in the year 2010-11 and 2011-12 and decreased to 361 per family in 2012-13.

The local bodies in India collect their revenue through three major sources namely tax revenue, non-tax revenue and debt revenue.

Table No. 4.5

Ratio of Total over dues to Total Tax Revenue

Year	Total Overdue	Total Tax Revenue	Total
1	2	3	4
2000-01	30553 [4.05]	722123 [95.94]	752676 [100]
2001-02	25216 [4.39]	548455 [95.60]	573671 [100]
2002-03	34521 [6.23]	519529 [93.76]	554030 [100]
2003-04	41563 [6.23]	624720 [93.76]	666283 [100]
2004-05	38127 [4.61]	787847 [95.38]	825974 [100]

Year	Total Overdue	Total Tax Revenue	Total
1	2	3	4
2005-06	48809 [7.89]	569119 [90.00]	617928 [100]
2006-07	22171 [1.67]	1304813 [98.32]	1326984 [100]
2007-08	29720 [2.75]	1047503 [97.25]	1177223 [100]
2008-09	23342[2.06]	1104316 [97.93]	1127658 [100]
2009-10	20546 [1.03]	1973053 [98.96]	1993600 [100]
2010-11	23735 [0.80]	2925387 [99.19]	2949122 [100]
2011-12	32382 [1.09]	2932995 [98.90]	2965377 [100]
2012-13	42536 [1.16]	3593662 [98.83]	3636198 [100]
CGR	- 1.01	27.46	30.81
CV	24.52	244.21	90.01

Source: Annual Budgets of Atpadi Village Panchayat.

It was seen from the above data in the Table No. 4.5 that ratio of total tax over dues to total tax revenue shows gradual growth of consideration, but with fluctuations.

Table No. 4.5, column No. 2 shows the total over dues of tax revenue. It was Rs. 30553 in 2000-01, it declined to Rs. 25216 in 2001-02. In the year 2002-03 and 2003-04 it increased to Rs. 34521 and Rs. 41563. Further in 2004-05 it decreased to Rs. 38127 and again increased to Rs. 48809 in 2005-06. However, during the year 2006-07 it declined to Rs. 22171 and increased to Rs. 29720 in 2007-08. Later on in 2008-09 and 2009-10 it decreased to Rs. 23342 and Rs. 20546. Again it increased to Rs. 23735, Rs. 32382 and Rs. 42536 in the years 2010-11, 2011-12 and 2012-13 respectively.

The percentage share of the total over dues and total tax revenue to total was 4.05 percent in 2000-01. It increased to 4.39 percent in 2011-02 and 6.23 percent in 2002-03. In 2004-05 it decreased to 4.61 percent and again increased to 7.89 percent in 2005-06. In the year 2006-07 it decreased to 1.67 percent and increased to 2.75 percent in 2007-08. Later in the year 2008-09, 2009-10 and 2010-11 it decreased to 2.06 percent, 1.03 percent and 0.80 percent. Again increased to 1.09 percent, 1.16 percent in the year 2011-12 and 2012-13. Table No. 4.5 shows the total tax revenue. It was Rs. 722123 in 2000-01 and in 2012-13 is Rs. 3593662 respectively.

The percentage share of total tax revenue to total was 95.44 percent in 2000-01, it declined to 95.60 percent in 2001-02 and increased to 93.76 percent, 95.38 percent in 2002-03 and 2004-05. Further it decreased to 90.00 percent in 2005-06 and increased to 98.32 percent in 2006-07. It declined to 97.25 percent in 2007-08 and again increased to 97.93 percent, 98.96 percent in the year 2008-09, 2009-10 and 2010-11. In the year 2011-12 and 2012-13 it decreased to 98.90 percent and 98.83 percent.

The major conclusions of the present study are as follows:

1. Tax is an important source of revenue for the Atpadi Village 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. 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.
4. 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 on.

5. 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 overdoses stood at 725 in 2000-01 and 361 in 2012-13 respectively.
6. 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.
7. 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. Panchayat members, social activists should help and participate in tax collection by the Village Panchayat.
5. 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.

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