CHAPTER-VIII

FINDINGS, SUGGESTIONS AND CONCLUSIONS

- Findings
- Suggestions
- Conclusions
- Scope for Future Research
In the foregoing chapter the data collected from urban and rural areas selected for the study are analysed in detail. An attempt is made here to highlight the major findings, suggestions, and conclusions for better collection of taxes and suggestions for the future research.

8.1 Findings
Following are the findings extracted from the analysis and discussions made in the preceding chapters.

1. The 79.6% and 39.2% of the people in both the urban and the rural area had awareness about tax. The awareness is just information level but it has not become civic consciousness in them.

2. The majority of the urban people obtain information about the tax through education and the rural people obtain information through the officials of the local self-government. While their view in the tax as just a contribution to the government.

3. All the common people of the urban and the rural area aware the local taxes imposed by the local government. Because the tax collectors frequently visit their houses for collecting the tax. They aware only house tax, site tax, water taxes while they are not aware about other taxes in the act.

4. 92% of the urban people and 50% of the rural people pay the tax in time while 7.1% and 49.6% of the urban and rural people do not pay the tax in time. Urban people pay the tax in time as compared to the rural people. Their non-payment of tax in time is due to the reason of less source of income.

5. 50% of the urban and 79% of the rural people are not satisfied with the services provided and taxes imposed by the local government. The non-satisfaction level is more in rural people as compared to urban people. The major reasons for their
dissatisfaction was higher tax rates charged by the local governments and the rate of taxes and services given are not in proportionate'.

6. 51.7% of the urban and 84.2% of the rural people found different problems in the tax collection by the local government. The main problems are 'Lack of awareness about tax among the people' and 'lack of publicity'.

7. Majority of the urban and the rural people suggested for improving the tax collection at the local government is the local authorities should make effort to develop tax awareness among the people, to appoint efficient officials and to review the tax rates from time to time.

8. All the urban and rural government officials have given opinion that people in the local government have tax awareness.

9. 16.7% of the urban officials and 50% of the rural officials opined that people do not pay the tax properly. The reason for non-payment of tax is the poverty and the negligence of the people.

10. 13.3% of the urban officials and 50% of the rural officials opined that the tax collection is not good at the local government. Urban officials opine that lack of tax collecting staff is the main reason while the rural officials opine that non-cooperation of the people and the party politics are the main reasons for tax collection not being good at the local government.

11. Majority of the urban officials opined that Business Class people tax collection is good at the local government while rural officials opine that Agriculturists tax collection is good at the local government.

12. Majority of the urban and rural officials opine that there is a tax difference between the urban and rural local government.
13. Majority of the urban officials opine that Lack of the staff is main problem in tax collection while rural officials opined that non-cooperation of the people is the main problem in tax collection.

14. All the urban and rural officials opine that the reformations are taken to improve the tax collection and the reformation is taken to develop tax awareness among the people.

15. Majority of the urban officials opine that people pay tax at office while the rural officials opined that tax collecting staff frequently visits to their houses.

16. All the urban and rural people representatives have the awareness of taxes imposed by the local government and they aware only house tax and site tax imposed by the local government while they are not aware about other taxes in the act.

17. 26.7% and 53.3% of the urban and rural people representatives opine that people do not pay tax in time and urban people representatives opine that small scale business person and land lord are the on time tax payers while rural people representatives opine that agriculture labours are the on time tax payers.

18. Majority of the urban people representatives opined poverty and high rate of tax is the reason for non-payment of tax in time while rural people representatives opined poverty and unemployment is the reason.

19. Majority of the urban and rural people representatives mention tax matters at the panchayat meetings and they mention matters related to delay in the tax collection and review of the tax rates.

20. Majority of the urban and rural people representatives suggested for developing tax awareness among the people, to appoint the expert tax collection staff and review tax rate from time to time.
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21. As per the provisions of Karnataka Panchayat Raj Act 1993, ZPs and TPs do not have independent revenue resources and depend upon the transfers from the centre or the state governments. GP is the only meaningful governmental tier for fiscal decentralization as it has independent tax powers and raise revenue to finance their expenditures.

22. All the ULBs in the State that are governed by the Karnataka Municipal Corporations Act 1976 (KMCA) and the Karnataka Municipalities Act (KMA) have been assigned powers to levy taxes, rates and fees.

23. Though a large number of tax powers have been given to GPs and ULBs, and there is a provision for imposing taxes on their own or with the approval of the government, they could tap only a few of them. They are not levying all the taxes permitted by the act. Only house tax was imposed by the GPs and the ULBs in their jurisdiction. The taxes that GPs have not touched are entertainment tax, vehicle tax, tax on advertisements and hoardings.

- There is limited scope for collection of entertainment tax because drama troops in rural areas are vanished with the modernization of TV, cinema, cable network etc. Hence it is hard to observe any entertainment programmes performed in the villages.
- Vehicle tax is levied on vehicles other than motor vehicles, only a few rich farmers’ possess bicycles and bullock carts. There do not find tricycles or horse pulled carts in the villages, if at all this tax is mobilized, it will be very negligible.
- The advertisement tax is not levied by GPs and this tax is being levied by only a few ULBs. A tax should also be levied on advertisement films and cinema slides, as no tax is presently levied on these items.
- Factories tax, though yielding substantial revenue is confined only to a handful of GPs situated near big towns and cities.
24. Most of the tax items assigned to the GPs and ULBs are inelastic and unproductive and their base is very narrow. Out of many taxes assigned, except house tax all others are inelastic in nature.

25. Octroi, a duty or tax was levied on the goods which entered the local area for consumption, sale or use. This levy was abolished in Karnataka from April 1, 1979. This has affected their tax base and tax domain adversely.

26. Though the local bodies were empowered to levy productive taxes like entertainment tax, motor vehicle tax and professional taxes, their powers have been taken over by the state government and state government is now levying these taxes. And also local bodies are not getting the shared taxes and assigned taxes in time.

27. Buildings and lands owned by the central government are at present not subject to property tax. The central government properties enjoy exemption from local taxation. This result an inequitable and inadequacy of finances with local government.

28. Most important tax to be utilized by the GPs and ULBs is tax on land and buildings. But is held that in spite of the wide scope of imposing taxes and fees few almost all the GPs, are rather reluctant to make correct assessment of the taxes on the properties and hence the properties remains under taxed. Most important reasons for under taxation of GPs and low level of resource mobilization by GPs and ULBs as per the field experience are as follows:

- Due to low level of economic development in rural areas.
- Natural calamities like flood, drought etc reduces ability to pay of the people.
- Low tax rates consequent upon under-assessment of properties.
- The rural tax base is typically very much smaller than the tax base constituted by the urban area. And the rural tax rates are smaller than the urban area.
There exists a general mismatch between needs and resources at the panchayat level. The discussion reveals that the people blame the GPs for not providing the basic amenities required by them and as such are not bothered to pay taxes regularly. On the other hand, the GPs blame the people for not co-operating with them by paying taxes regularly; as a result they are not in a position to provide even essential services.

Elected members do not like to earn the displeasure of their voters by enhancing tax collection and they are reluctant to build up image as a tax collector as this may affect day to day interaction with the people.

There is the problem of unwillingness of tax collectors to go against the wishes of local influential people while collecting taxes as they are valued voters to the political parties.

Households having high political connections or influence over the tax assessing personnel of GPs pay considerably low or negligible amount of taxes compared to other households.

The property taxes impose political accountability on local elected officials. If they decide to increase the property tax, they face direct criticism from voters. The own effort in the resources mobilization of GPs is not up to the mark.

In the three tier panchayat raj system only GPs have been assigned powers to levy taxes. But, staffs of GPs do not have adequate technical and administrative knowledge to properly exercise this power. This has resulted in inadequate mobilization of own resources.

Low average of the educational levels of the elected representatives at different levels. Without adequate qualified personnel, it would, indeed be very difficult for these bodies to manage their financial matters effectively.

As per the KPR Act, GPs may appoint one or more agents for collecting cess/fees on the payment of a commission or charge some percent of the amount collected. But due to the lack of awareness, this provision was also not put into practice.
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- Bill Collectors and other staff working in GPs have minimum educational qualification and are not trained. Most of them do not possess the necessary knowledge and perception of development as well as administrative skills. From earlier days they are appointed on a daily wage basis and are given consolidated salary. Due to this they are not evincing interest and perform their duties efficiently.

- Local bodies are levying a lighting tax to meet the maintenance cost of street lighting. In some cases this has been clubbed with the property tax. But the majority of local bodies do not levy this tax.

- Shortage of administrative and technical staff is extensive in GPs and ULBs. In many GPs and ULBs sanctioned posts are not filled. Because of shortage of technical staff almost all the works are stagnant. As a result, day to day developmental works are affected.

- The present property tax system is that it is in effect a voluntary tax. GPs do not have a machinery to enforce the tax. While on act penalty for late payment is stipulated, GPs have not been able to impose any penalties. There is a close contact between the tax payers and collectors and the latter do not have any willingness to enforce the tax on the local people.

- Every GP should prepare a list of properties and regularly revise the same. Once in four years taxes should be revised. But most of the local governments are collecting taxes at a lower range. The taxes are not periodically revised as a result of which the periodic increase cannot be utilised by the local governments. At times, the taxes are not collected properly.

- The Karnataka Panchayat Raj Act is regarded as defective as it only lays down the maximum rates of taxes that the village panchayat can levy strongly; it is silent on the minimum rates of taxation. In most of the GPs taxes levied were generally lower than the maximum rates prescribed in the Act.

29. It is found that among urban local bodies the decennial average tax collection of Shimoga municipality is 59%, Soraba and Hosnagara stands at 92% and 74%.
30. It is found that the average tax collection is above 75% in one village panchayat of Soraba taluk, 2 village panchayats of Hosnagara taluk and none of village panchayat in Shimoga taluk.

31. It is found that 4 village panchayats of Shimoga taluk, 2 village panchayats of Hosnagara taluk and 3 village panchayats of Soraba taluk decennial average collection is less than 75%.

32. It is found that the recovery of tax collection is good at urban local government bodies than the rural local government bodies.

33. It is found that there is no uniformity between the urban and rural tax system.

34. There are several reasons for poor tax collection of ULBs. As per the study following factors are responsible for poor tax collection of Shimoga Municipality. Firstly, Shimoga Taluk is a relatively forward taluk, and it has a large size population. Population size is negatively related to the poor tax collection because ULBs with greater population would be unable to collect taxes from all people resulting less tax collection. In aggregate it would collect greater amount than the smaller ULBs, but in per capita terms it would be less. Secondly, percentage of SC/ST population and B.P.L Ration card holders is more in this taluk. It is negative impact on percentage of tax collection. In general SC/ST and B.P.L Ration card holders are poor in terms of social and economic aspects. Higher percent of SC/ST and B.P.L Ration card holders indicate economically backward and it would generate less revenue. Thirdly, it is a developed taluk. In more developed taluk higher revenue collections do not come from property tax but from other sources, mainly rental income from property let out and revenue from licence fee etc. The property tax is not appreciably higher as a ratio of own resources. The existence of other sources of revenue obviates the need to increase collection from property tax.
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35. There are several reasons for poor tax collection of GPs. As per the study the following factors are responsible for poor tax collection in GPs of Shimoga, Hosnagara and Soraba Taluks. Firstly, the GPs of Shimoga taluk is consisting of more number of SC/ST population and B.P.L Ration card holders. Highest percent of this population indicates poor tax collection. Secondly, GP officials and people representative have not made necessary efforts to create awareness among the people. Thirdly, the GP Officials and People Representatives do not have proper awareness about their duties and responsibilities. Fourthly, these GPs have not been provided with infrastructure facilities. Fifthly, the GPs nearer to taluk head quarter can collect significant revenue from rents on shops, marriage halls etc. The existence of other sources of revenue obviates the need to collect property tax. Sixthly, the tax authorities have not made necessary efforts to motivate and collect taxes. Seventhly, the tax authorities do not actively participate in the activities of GPs.

8.1.1 Findings Based on the Results of Testing of Hypotheses

1. $H_0$: The taxation rules are not the same between urban and rural local self governance.

2. $H_2$: Recovery of tax collection is good at urban local government bodies than the rural local government bodies

3. $H_1$: The tax authorities are effective in mobilizing tax resources in urban local bodies than the rural local bodies.

3.1 $H_{11}$: There is significant difference between the urban and rural people towards tax awareness. (Refer. Table 7.13)

3.2 $H_{12}$: Each information resource is independent of themselves and each of such resource carry their own potential in creating awareness among the people towards payment of taxes. (Refer. Table 7.15)
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3.3 \( H_0 \): There is no significant difference among the urban and rural people attitude towards payment of taxes. (Refer. Table 7.16)

3.4 \( H_1 \): There is significant difference in the factors among the urban and rural people that are deterring them from payment of taxes. (Refer. Table 7.17)

3.5 \( H_0 \): The correlation among the factors contributing for efficiency in tax collection among the urban and rural population is insignificant. (Refer. Table 7.18)

3.6 \( H_1 \): There is significant difference between the urban and rural people satisfaction towards taxes imposed by the government. (Refer. Table 7.19)

3.7 \( H_1 \): There is significant difference between the urban and rural official's opinions towards efficiency of the local government in collection of taxes. (Table 7.33)

3.8 \( H_1 \): There are differences among the nature and types of taxes that are collected by the local government in urban and rural areas is statistically significant. (Table 7.34)

3.9 \( H_0 \): There is positive correlation between the opinion of the rural and urban officials it is statistically insignificant. (Table 7.35)

3.10 \( H_0 \): The correlation among the factors contributing for nonpayment of taxes by the urban and rural population in the opinion of their representatives is insignificant. (Table 7.44)
8.2 Suggestions

The GPs and ULBs can increase their revenue considerable even from the existing sources. For improving property tax administration, improving tax collection efficiency and for augmenting better collection of taxes the study offers the following suggestions.

1. The tax authorities and people representatives should realize their responsibilities and duties and make serious effort to collect taxes.

2. The LBs should provide quality services to the people, because the perception about the service quality which can influence tax compliance and willingness to pay for the services provided.

3. The tax authorities and people representatives should create awareness among the people and motivate them to pay taxes.

4. Infrastructure for basic facilities like, bus sheds, toilets, water huts etc needs to be created and maintained in small towns falling in rural areas.

5. The local bodies should construct Bus stand at a convenient place along with other facilities for the passengers. Fees could be collected from the bus owner for maintenance of bus stand.

6. For the common purpose, the marriage halls and the banquet halls may also be constructed which can be rented out to different people on different occasions in big villages and also those situated in the near of urban areas.

7. Another potential source of income for the panchayats particularly those which are close to urban areas may be the imposition of tax on the industrial units and computer institutions and on petrol/diesel pumps, hotel/dhaba/automobile/repair shops and any other business unit functioning in the GP area and people engaged in the business of a cable television should be charged entertainment tax.
8. Local bodies should have adequate resources to perform an obligatory function like street lighting well. Therefore the lighting tax should be levied by all local bodies and the rates should so fixed as to meet the maintenance cost of street lighting.

9. In view of shortage of electricity the use of solar energy for street lighting is the most possible effective way. It is worth while thinking about harvesting wind power energy for street lighting.

10. Installing water meters are essential for proper use of water. In case of water tax instead of giving a free allowance, a low rate may be fixed for a minimum quantity of consumption and the rates may be fixed in a graded way. In other local bodies where there is no meter system, a flat rate per tap may be fixed. As the costs of water supply are high, the charges for water should be as close to its economic cost as possible. Strict action should be taken against unauthorized as well as unlawful use of water.

11. There should be a permanent system of observing and finding out modifications and extensions to the existing buildings, reassessing taxes on that basis and collecting taxes.

12. The levy of certain taxes should be made compulsory and tax rates should be set within limits and the minimum rates for all such levies are to be fixed by the state government.

13. The post of all the functionaries at different levels have to be filled up or otherwise arranged, so as to facilitate further and effective mobilization and utilization of the funds. An additional staff must be provided to the GPs and ULBs.

14. There is a lack of general awareness about various provisions of the PRIs among both the officials and the non-official members of the GPs. For ensuring smooth governance and resource mobilization, both official and non-official members of
the GPs need training and skill upgradation. State government and higher level PRIs should supervise this job.

15. The taxation powers should be given to ZPs and TPs. In Karnataka, since the two higher levels panchayats have no taxation powers and the overall resource mobilization being very negligible.

16. It is necessary that the elected representatives and officials give attentions for tax collection. They should make it a point to discuss the progress made in tax collection at their regular meetings. They should make joint and co-ordinate efforts in motivating the public pay taxes due to the local bodies in time.

17. The local bodies should conduct regular survey of the localities and updating the assessment records on a continuous basis in terms of plinth area, type of construction, use of the building and type of occupancy-owner occupied or rented.

18. In GPs the house tax is levied on the basis of annual rental value of the building. The villages, unlike the urban areas, houses are mostly occupied by owners and therefore, it is difficult to assess their annual rental value. It would be more appropriate to levy the house tax on the basis of the capital value of the building.

19. All common property resources vested in the village panchayat should be identified, listed and made productive of revenue. The state government should give broad guidelines to help the GPs to determine the criteria for making valuations.

20. The share of local bodies in the taxes imposed and collected by the state governments and share with local bodies should be increased and these taxes must be devolved to local bodies in time. In order to strengthen the finances of the GPs the state should collect cess on the land revenue and pass on the proceeds to the LBs.
21. Valuation of taxable lands and buildings should be done by a separate cell in the Panchayat Raj Department and not left to the Panchayats.

22. Recommendation made by the TSFC for publishing ‘Citizen Charters for PRIs and ULBs should be implemented. Because Local bodies are providing basic civic services in their respective areas viz., drinking water, street lights, roads, underground drainage, sanitation etc. To ensure quality and better services these bodies should publish a “citizen charter” every year and give wide publicity.

23. Octroi has been abolished and this loss should be compensated by annual grant by the state government.

24. Continuous guidance and supervision have not been made available to the LBs. The state government should guide and supervise continuously to the LBs.

25. As per the field experience it is observed that information to the public on tax revenue collected and its allocations are in scarce supply. Local bodies should be transparent while performing their functions. Decisions taken by the local bodies should be made public. More information to the public on tax revenue collected, the basis on which financial allocations are made must be clearly stated.

26. Public awareness should be created through Grama Sabha and Ward Sabha, Sign boards, pamphlets and media advertising. Awareness programmes have to be organized involving local associations and citizen forums. It is also important for the tax authorities to provide prompt and clear answers to queries by the general public newspapers, video and audio channels.

27. Village wise/ Ward wise meetings should be held at least once in a month and grievance should be heard. Opinions and suggestions should to be obtained and follow up action should be initiated.

28. For making the functions of local bodies efficient and effective the active participation and co-operation of the people is essential. In this regard, it is
suggested that the local authorities should establish harmonious relations with citizens and motivate them to become honest tax payers.

29. As local taxes normally represent the greatest source of autonomous income for local governments, the local authorities should built trust among the people that locally raised revenues are spent locally for the benefit of local tax payers.

30. As per the field experience it is observed that due to ignorance most of the GPs have not made serious efforts to mobilize revenues. It is suggested that the GPs should provide satisfactory level of services to the rural population and need to earn public confidence before initiating resource mobilization.

31. There is a need to reform the property tax system in expansion of the tax base. In an informal conversation with the tax authorities it is found that only 50-60 percent of the properties in urban areas are actually assessed. A large number of property owners simply do not pay the tax. Therefore it is suggested that matching the actual properties paying the tax with those in the geographical information system. It is possible to identify the properties that are not paying the tax.

32. The quality of the services provided should be improved for collecting more user charges. It is impossible to levy user charges when the quality of the services delivered is poor. The result is that a vicious circle is set up. The circle needs to be broken.

33. As per the KPR Act, GPs may appoint one or more agents for collecting cess/fees on the payment of a commission or charge some percent of the amount collected. The GPs should appoint the agents for collecting cess/fee.

34. Collection efficiency should be increased. The collection machinery must also be strengthened. In addition to this, exemption to certain types of properties must be withdrawn this would ensure wider tax net. The central governments should pay property tax on their buildings.
35. In the case of ULBs opening-up of collection centers at the ward offices and dispensing with the door-to-door collection is very essential especially at the time of tax collection period.

36. Promotion of new methods of tax collection viz., collection through banks and it is also important to facilitate online payment of the tax.

37. Educating the tax payers about the need for prompt payment of tax through a mix of penalties and incentives.

38. Incentive should be given for prompt payments by allowing rebate if the payment is made within the prescribed time. Conversely, a penalty should be imposed on late payments. Services to defaulters are held up till the arrears are cleared off.

39. Competent personnel should be appointed for tax collection and should provide incentives to them for 100 percent collection. Similarly, incentive awards should be given to staff that cross the targeted collection.

40. Action should be taken against collecting staff if tax collection drops below 75 percent of the total demand.

41. The state finance commission has framed an incentive scheme to encourage the LBs to raise resources from tax sources. The LBs should take necessary measures to mobilize more resources and claim incentives.

42. Both the GPs and ULBs should make up-to-date maintenance of the tax demand register-arrears and current and computerize the records.

43. Both the GPs and ULBs should revise tax rates from time to time.

44. It is important that the appointment of SFCs, submission of their reports and action taken by the state governments should be according to a uniform time schedule throughout the country. The SFCs is required to assess and quantify the fiscal requirements of urban and rural local bodies in the State.
45. The LBs whose performance was poor in tax collection effort have to make strong and sincere efforts to become better performance by increasing trust in government, raising the quality of public services and improving tax administration.

8.3 Conclusions

The present constitution divides the taxation powers only between the central government and the states, and does not provide any taxes for exclusive use of the local government. The financial powers made available to it have suffered reduction over a period of time. The central government properties enjoy exemption from local taxation. While the taxation powers of local government have suffered reduction, functions and responsibilities entrusted to it are constantly on the increase. Absence of a list for local taxation in the constitution, encroachment of the state government on areas traditionally earmarked for local government, an inefficient tax administration, inelasticity of whatever taxes have been made available to it, and increasing local expenditure in response to both rising costs and rising expectations have made the financial position of local government desperate. In order to ensure definite and elastic sources of revenue the local government in India should be given a separate list of taxes, the constitution needs to be suitably amended to include, on the lines of the union and the state lists, list of local taxes also. It enables local government to use such taxes earmarked to it with confidence and certainty.

The system of grants-in-aid is to stimulate the development of particular services and building up the financial capability at the local level, with a view to ensuring fiscal autonomy, both by strengthening the financial base and by augmenting resources. But such grants are generally made conditional on the imposition of adequate taxation. Giving of grants, often unconditionally, to local authorities has gone so far as to divorce control of policy from financial responsibility. But Gap filling transfers will
discourage mobilization of own resources by local bodies. Therefore it is need to check the dependency attitude. Because too much grants leads to everlasting immaturity.

Efficiency in providing public services depends upon the level of expenditure incurred and the flexibility and autonomy in designing and implementing the expenditure programmes exercised by the local bodies. The burden of raising revenues for financing public services by local governments should fall on the residents who are the beneficiaries of these public services.

Even after sixty years of independence, rural and urban intellectual citizens do not have full understanding of the purpose of local bodies. For this reason, the general public does not have a clear view about the people's rights, duties and responsibilities and duties and responsibilities of officers and elected representatives of local bodies. People do not have much idea about how tax money is used i.e., where the money is going and how it is being spent. Really speaking the payment of local taxes is still not a voluntary affair. The voluntarism will come only when the people know where the money is going and how it is being spent. Further more information to the public on tax revenue collected, financial allocations are in scarce supply. To build trust between citizens and the council information to the public is crucial. Therefore it is necessary that arrangement should be made to clear doubt of the people and citizens should be encouraged to report defaults such as misappropriations of revenue and service not delivered as promised and awareness should be created among the public about the Right to Information Act. Citizen’s involvement in indentifying problems and setting priorities may motivate a greater sense of community involvement. In the democratic system, it is essential to create proper perception among the general public that democratic administrative system is based on the principle of government by the people, of the people and for the people. Therefore a clear understanding of the local bodies functioning and benefits are necessary. Public has to be educated about the benefits and plan implementation process of these bodies. Further the participation of Women, SCs, STs and BCs in the grama sabha meetings is not adequate in number. The GPs should have the participation of people belonging to SCs, STs and Backward
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Class, then only the democratic institutions would be strengthened and its true values are realized. Further LBS will be successful only when people at the gross root level are empowered and involved in decision making. Growth becomes meaningful only when people at the gross root level exercised power and took active part in decision making.

The 73rd and 74th constitutional amendment act 1993 has entrusted GPs and ULBs with wide-ranging responsibilities. The GPs and ULBs have also been vested with a larger amount of tax revenue sources from which they are supposed to meet their revenue requirements to a reasonable extent. The GPs and ULBs in Karnataka at present receive huge amounts of funds from the state government. An analysis of GPs and ULBs in Shimoga District selected for the study area it can be found that the rate of increase of own revenues is very low compared to that of grants-in-aid. For various reasons i.e., inadequate financial resources, low pay-scale, incompetent personnel, excessive interference by the state government impeding thereby a health growth of local government, too much intervention of local government politicians in the day-to-day administration, wide spread corruption, nepotism and favoritism in the local civil service are cited as some of the major causes they have been able to collect only a minimum percent on average of the assessed amount from the sources assigned to them. These bodies are heavily dependent on the state and central government to execute their developmental role. This has become one of the hurdles in their way of becoming truly self-governing institutions. It is imperative that in the interest of sustainable local development they reduce this dependence to the maximum extent possible. In order to have fiscal autonomy, the own revenue must be enhanced considerably and they must be able to stand on their own feet. Because the GPs in Karnataka are required to meet certain expenditure like payment of salaries to staff, payment of honorarium and sitting fee to members from their own revenue. In view of this compulsion every GP should collect at least an amount which would sufficient to meet these expenditures. This is possible by raising the quality of public services, improving tax administration, exploitation of the current own revenues to the maximum extent, expansion of the revenue base to enable bodies to collect revenue.
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from new source, by making new provisions in the Act, increase trust in government, coordinate between the elected representatives and officials by way of motivating the public pay taxes due to the local bodies in time and revise tax rates from time to time, hold gram sabha and ward sabhas regularly and effectively and enhancing the share of shared taxes to local bodies and including more items of taxes collected by state government in the list of shared taxes. These measures, if implemented simultaneously can improve tax collection to large extent.

8.4 Scope for Future Research

1. The study is confined to Shimoga District only. In future, studies using larger samples from different parts of the state are needed to have greater concrete in the study findings.

2. The present study is conducted in the State of Karnataka only. Since the taxation powers of local bodies are different from one state to another state. A comparative study of one state with another state will be very much useful for ascertaining taxation rules, assessment methodology, recovery of tax collection of different States,

3. There is need to study ‘Rural Property Tax Reforms’ because several reforms are underway in the urban property tax in the country. But Rural Property Tax Reforms are not made much. The study should be on assessment methodology in the property tax.

4. The research recommends a deep study in the area of “Public Service Reforms”. Increased decentralization can be expected to lead to an improvement in the level and quality of local services, better matching of local services to the preferences of the local citizens. For collecting more user charges the local governments should provide adequate public services and quality of the services to the public. But most local governments are unable to provide adequately the local services and quality services that are needed by local citizens-services and that are crucial for poverty reduction and economic development.
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Reference


