

Tax Revenue of Zila Panchayats in Uttar Pradesh

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Abstract

In three tiers system of the Panchayati Raj Institutions Zila Panchayat is a biggest link which works as an arbitral between Panchayats and State Government. After 73rd amendment to the Indian constitution, responsibilities and powers has been increased as well as expenditure of the Zila Panchayats also increased. But mobilization of own revenue by the Zila Panchayats are very poor. At the present Zila Panchayats of Uttar Pradesh are imposing only Tax 'Circumstances and Property Tax'. Total 75 Zila Panchayats in Uttar Pradesh at the present, only 60 Zila Panchayats are imposing this tax and remaining 15 Zila Panchayats do not levy it. But levying and collection of this tax is not proper. Enough effort for collection and levying of the tax has not been made by Zila Panchayats so per capita revenue from tax in most of Zila Panchayats is very low. Many other reasons are also responsible for low revenue from the tax. This Paper is a modest attempt to analyse possibilities to increase revenue from circumstances and property tax which is being levied by Zila Panchayats of Uttar. For analysis secondary source of data will be used along with many others available source of data on Zila Panchayat like acts, reports of state finance commission, articles, books, research papers, websites, etc and data also collected from Monitoring Cell, Department of Panchayati Raj, Lucknow.

Introduction

After 73rd Constitutional Amendment Act (1992) Panchayats have got Constitutional status as the third tier of the Indian Political system including Village level Panchayat, Block level Panchayat and District level Panchayat. Uttar Pradesh has been the pioneering state in the country to implement the Panchayati Raj System. After accepting Balwant Rai Mehata committee's report (1957) which recommended the scheme of democratic decentralization with three tier systems of Panchayats, Uttar Pradesh Kshetra Samiti and Zila Parishad Act, 1961 was enacted¹. According to this act Zila Parishad was chief institute among the Panchayati Raj Institutions, which authorised for general supervision of activities of village Panchayats and Block Panchayats. Uttar Pradesh Kshetra Samiti and Zila Parishad Act, 1961 was modified in April, 1994 in accordance with the 73rd Constitutional Amendment.

To improve financially status of Panchayats they have been provided some power, rights and responsibilities by the constitution of the India so that they could work as self-Government. According to the article 243(J) of the Indian Constitution the Panchayats has authorized to levy, collection and investment of the Tax, Pathkar, Cess, etc. In three tiers system of the Panchayati Raj Institutions Zila Panchayat is a biggest link which works as an

arbitral between Panchayats and State Government. The provisions for levying taxes, fees and user's charges have been provided in section 119 to 145 of U.P. Kshetra Panchayats and Zila Panchayats Adhniyam, 1961, as amended in 1994. According to it, Zila Panchayats have been empowered '*Circumstances and Property Tax (C & P Tax)*' which is only source of tax revenue of Zila Panchayats in Uttar Pradesh.

Problem and Importance

After 73rd amendment to the Indian constitution responsibilities and powers has been increased as well as expenditure of the Zila Panchayats also increased. Zila Panchayats has not sufficient source of own revenue yet its expenditure is increasing so fast. Zila Panchayats has become dependent the fund which is supplied by the Central and State Government on the basis of recommendations of Central Finance Commission and State Finance Commissions (very little amount is in the form of untied fund, almost is tied). But mobilization of own revenue by the Zila Panchayats are very poor. For the ensuring economic development and social justice, Zila Panchayats entrusted with different state and centrally sponsored programmes. But most of the funds are tied to various project or programmes and Zila Panchayats cannot spend the fund as per own choice.

The sources of total revenue of Zila Panchayats are- tax and non-tax revenue, Grants from Central Government and State Government implementation for many rural development schemes, Transition from Central Finance Commission, State Finance Commission and income from other sources. The financial position of Zila Panchayats of Uttar Pradesh is weak. Zila Panchayats has only source of tax revenue '*C & P Tax*' and License Fees, Education Fee, Haat-Bazar, Revenue from fairs and Exhibitions, Revenue from assets (Fare, lease and sell), Entry Fee, Fish-Catching, and others are sources of non-tax revenue. '*C & P Tax*' is only source of tax revenue but revenue from this tax is low due to not proper levying and collection. And also not all Zila Panchayats of U.P are levying this tax. Thus, the study of '*C & P Tax*' Tax is necessary.

Objectives of study

The major objectives of the present study are as follows:

1. To examine levying and collection of '*C & P Tax*' Tax,
2. To examine present structure of '*C & P Tax*' and identify obstacles in the way of better collection and levy of the tax

Hypothesis

The hypotheses of the study are as follows:

1. Levy and collection of '*C & P Tax*' Tax is not appropriate,
2. There are adequate possibilities in '*C & P Tax*' Tax to increase own source revenue of Zila Panchayats.

Research Methodology

This study is a modest attempt to analyze possibilities to increase revenue from 'C & P Tax' tax which is being imposed by Zila Panchayats of Uttar Pradesh. Here main problem is that in most of Zila panchayats per capita revenue from the tax is very low. The period chooses for this study will be confined 1998-99 to 2010-11. For analysis secondary source of data will used along with many others available source of data on Zila Panchayat like acts, reports of State Finance Commission, articles, books, research papers, websites, etc and data also collected from Monitoring Cell, Department of Panchayati Raj, Government of U.P., Lucknow. Percentages, per capita revenue, index number (for find out tax revenue at constant prices Consumer Price Index for rural labour is used), exponential growth rate at the current and constant prices are used for data analysis.

Circumstances and Property Tax in Uttar Pradesh

The section 119 of the Uttar Pradesh Kshetra Panchayat and Zila Panchayat Act, 1961 empowered Zila Panchayat to impose:-

- (A) A tax on Circumstances and Property Tax,
- (B) Any other tax which the state legislation has the power under the Constitution of India including article 277 thereof to impose in the state and which imposition by Zila Panchayats has been authorised by the state.

At the present 60 Zila Panchats of Uttar Pradesh are levying only tax 'C & P Tax'. It is a composite tax. Meaning of Circumstances is total financial status of a person, which is depends on income from occupation (calling) in the rural area. In fact, it is a trade tax on income. According to the article-121 of Uttar Pradesh Kshetra Samiti and Zila Parishad Act, 1961, there are some provisions for levy Circumstances and Property Tax as following:-

1. This tax could levy on any person, who is living or doing business above the period of six monthin the rural area of the district,
2. Tax could not be levied whom taxable income below 12,000,
3. The rate of the tax should not more than 3% to taxable income,
4. Total imposed tax amount of a person will not be more than that maximum amount which is estimated by rule².

Table 1: Mandal wise Revenue of Zila Panchayats in Uttar Pradesh from Circumstances and Property Tax

s.no	Mandal	1998-99				2010-11			
		Tax revenue	Total non-tax revenue	Total own sources revenue	Share of tax revenue in own sources revenue	Tax revenue	Total non-tax revenue	Total own sources revenue	Share of tax revenue in own sources revenue
1.	Agra								
i.	Agra	- (-)	71.55 (3.68)	71.55 (3.68)	0.00	- (-)	198.73 7.78	198.73 7.78	-

² Report of First State Finance Commission (Panchayati Raj and Urban Local Bodies), Uttar Pradesh, voll.I, December, 1996, pp. 257 -258

ii.	Aligarh	6.53 (0.32)	35.22 (1.73)	41.75 (2.05)	15.64	-	-	-	-
iii.	Hathras	1.23 0.25	14.97 (3.00)	16.2 (3.24)	7.59	-	-	-	-
iv.	Firozabad	- (-)	45.23 (3.37)	45.23 (3.37)	-	- (-)	91.7 5.13	91.7 5.13	-
v.	mathura	- (-)	34.87 (2.47)	34.87 (2.47)	-	- (-)	98.17 5.31	98.17 5.31	-
vi.	Etha	- (-)	65.04 (2.97)	65.04 (2.97)	-	-	-	-	-
vii.	Mainpuri	- (-)	19.29 (1.48)	19.29 (1.48)	-	- (-)	53.12 3.14	53.12 3.14	-
	total	7.76 0.31	286.17 (2.67)	293.93 (2.74)	2.64	- (-)	441.72 5.60	441.72 5.60	-
2.	Azamgarh								
i.	Azamgarh	8.16 (0.24)	62.9 (1.82)	71.06 (2.06)	11.48	40.76 (0.90)	188.09 (4.15)	228.85 (5.06)	17.81
ii.	Mau	8.33 (0.59)	57.52 (4.07)	65.85 (4.66)	12.65	21.63 (1.16)	50.7 (2.73)	72.33 (3.89)	29.90
iii.	Ballia	- (-)	77.92 (3.30)	77.92 (3.30)	-	- (-)	194.96 (6.29)	194.96 (6.29)	-
	total	16.49 (0.34)	198.34 (2.74)	214.83 (2.97)	7.68	62.39 (0.98)	433.75 (4.57)	496.14 (5.23)	12.58 0.34
3.	Allahabad								
i.	Allahabad	31.93 (0.92)	67.76 (1.95)	99.69 (2.87)	32.03	35.86 (0.77)	260.91 (5.58)	296.77 (6.35)	12.08
ii.	Kaushambi	11.88 (1.36)	50.75 (5.81)	62.63 (7.17)	18.97	22.09 (1.37)	158.27 (9.83)	180.36 (11.20)	12.25
iii.	Pratapgarh	10.25 (0.42)	37.83 (1.54)	48.08 (1.96)	21.32	25.99 (0.81)	208.82 (6.49)	234.81 (7.29)	11.07
iv.	Fatahpur	- (-)	57.34 (4.17)	57.34 (4.17)	-	2.81 (0.08)	204.01 (5.86)	206.82 (5.94)	1.36
	total	54.06 (0.79)	213.68 (2.61)	267.74 (3.27)	20.19	86.75 (0.67)	832.01 (6.41)	918.76 (7.08)	9.44
4.	Kanpur								
i.	Kanpur Nagar	12.92 (0.98)	27.66 (2.10)	40.58 (3.09)	31.84	22.95 1.35	80.23 (4.73)	103.18 (6.08)	22.24
ii.	Kanpur Dehat	12.14 (0.86)	23.67 (1.68)	35.81 (2.54)	33.90	23.4 1.31	150.06 (8.40)	173.46 (9.71)	13.49
iii.	Farrukhabad	3.72 (0.32)	51.55 (4.38)	55.27 (4.70)	6.73	7.83 0.52	109.68 (7.22)	117.51 (7.73)	6.66
iv.	Etawah	- (-)	88.01 (8.89)	88.01 (8.89)	-	5.52 (0.43)	140.3 (11.01)	145.82 (11.44)	3.79
v.	Kannauj	1.69 (0.20)	19.68 (2.33)	21.37 (2.53)	7.91	14.1 (0.98)	76.82 (5.36)	90.92 (6.34)	15.51
vi.	Auraiya	- (-)	42.67 (5.74)	42.67 (5.74)	-	1.66 (0.13)	87.34 (7.02)	89.00 (7.15)	1.87
	total	30.47 (0.64)	253.24 (3.91)	283.71 (4.38)	10.74	75.46 (0.84)	644.43 (7.19)	719.89 (8.04)	10.48
5.	Gorakhpur								
i.	Gorakhpur	16.74 (0.58)	107.28 (3.70)	124.02 (4.28)	13.50	32.43 (0.86)	220.89 (5.89)	253.32 (6.76)	12.80
ii.	Deoria	17.49 (0.75)	54.65 (2.35)	72.14 (3.10)	24.24	20.16 (0.67)	172.36 (5.69)	192.52 (6.36)	10.47

iii.	Kushinagar	4.9 (0.19)	61.27 (2.36)	66.17 (2.55)	7.41	18.8 (0.55)	329.35 (9.55)	348.15 (10.10)	5.40
iv.	Maharajganj	9.17 (0.47)	30.08 (1.56)	39.25 (2.03)	23.36	15.18 (0.59)	88.93 (3.44)	104.11 (4.03)	14.58
	total	48.3 (0.50)	253.28 (2.60)	301.58 (3.09)	16.02	86.57 (0.68)	811.53 (6.34)	898.1 (7.01)	9.64
6.	Chitrakoot								
i.	Hamirpur	- (-)	46.31 (5.53)	46.31 (5.53)	-	- (-)	259.99 (24.20)	259.99 (24.20)	0.00
ii.	Banda	- (-)	63.21 (5.22)	63.21 (5.22)	-	- (-)	302.17 (18.53)	302.17 (18.53)	0.00
iii.	Chitrakoot	- (-)	29.05 (5.60)	29.05 (5.60)	-	2.65 0.32	179.96 (21.55)	182.61 (21.87)	1.45
iv.	Mahoba	- (-)	19.65 (7.08)	19.65 (7.08)	-	- (-)	166.59 (19.13)	166.59 (19.13)	0.00
	total	- (-)	158.22 (5.56)	158.22 (5.56)	-	2.65 0.32	908.71 (20.60)	911.36 (20.66)	0.29
7.	Jhansi								
i.	Jhansi	- (-)	16.85 (1.71)	16.85 (1.71)	-	1.05 0.08	266.12 20.72	267.17 20.80	0.39
ii.	Jalaun	0.83 (0.08)	62.16 (5.80)	62.99 (5.88)	1.32	- (-)	357.13 (25.94)	357.13 (25.94)	-
iii.	Lalitpur	- (-)	34.14 (4.35)	34.14 (4.35)	-	3.39 0.32	263.68 (25.24)	267.07 (25.57)	1.27
	total	0.83 0.08	113.15 (3.99)	113.98 (4.01)	0.73	4.44 0.19	886.93 (23.94)	891.37 (24.06)	0.50
8.	Devipatan								
i.	Gonda	- (-)	47.01 (1.93)	47.01 (1.93)	-	- (-)	91.66 (2.86)	91.66 (2.86)	-
ii.	Balrampur	- (-)	16.6 (1.47)	16.6 (1.47)	-	4.86 (0.25)	138.79 (7.23)	143.65 (7.48)	3.38
iii.	Bahraich	10.12 (0.50)	78.36 (3.89)	88.48 (4.40)	11.44	21.37 (0.80)	190.8 (7.13)	212.17 (7.93)	10.07
iv.	Shrawasti	2.9 (0.35)	16.89 (2.05)	19.79 (2.40)	14.65	5.88 (0.41)	55.25 (3.87)	61.13 (4.28)	9.62
	total	13.02 (0.46)	158.86 (2.48)	171.88 (2.69)	7.58	32.11 (0.53)	476.5 (5.17)	508.61 (5.51)	6.31
9.	Faizabad								
i.	Faizabad	10.64 (0.62)	32.58 (1.90)	43.22 (2.53)	24.62	14.26 (0.63)	108.94 (4.84)	123.2 (5.47)	11.57
ii.	Barabanki	17.74 (0.77)	88.83 (3.88)	106.57 (4.66)	16.65	31.11 (1.03)	181.28 (6.00)	212.39 (7.03)	14.65
iii.	Sultanpur	- (-)	62.44 (2.17)	62.44 (2.17)	-	- (-)	162.1 (4.23)	162.1 (4.23)	-
iv.	Ambedkarnagar	6.73 (0.50)	48.41 (3.61)	55.14 (4.11)	12.21	20.47 (0.89)	52.58 (2.29)	73.05 (3.18)	28.02
	total	35.11 (0.66)	232.26 (2.82)	267.37 (3.25)	13.13	65.84 (0.87)	504.9 (4.43)	570.74 (5.01)	11.54
10.	Bareilly								
i.	Bareilly	22.36 (0.98)	44.68 (1.95)	67.04 (2.93)	33.35	77.71 (2.57)	140.05 (4.63)	217.76 (7.19)	35.69
ii.	Badaun	- (-)	44.13 (1.85)	44.13 (1.85)	- (-)	10.77 (0.34)	145.44 (4.65)	156.21 (5.00)	6.89
iii.	Shahjahanpur	7.00 (0.37)	38.12 (2.00)	45.12 (2.37)	15.51	6.13 (0.24)	108.91 (4.32)	115.04 (4.56)	5.33

iv.	Pilibhit	- (-)	54.15 (4.27)	54.15 (4.27)	-	7.50 (0.44)	97.35 (5.76)	104.85 (6.21)	7.15
	total	29.36 (0.70)	181.08 (2.31)	210.44 (2.69)	13.95	102.11 (0.98)	491.75 (4.74)	593.86 (5.73)	17.19
11.	Basti								
i.	Basti	5.70 (0.31)	55.41 (2.99)	61.11 (3.30)	9.33	21.21 (0.86)	401.90 (16.31)	423.11 (17.17)	5.01
ii.	Siddharthnagar	7.58 (0.41)	32.39 (1.75)	39.97 (2.16)	18.96	20.55 (0.84)	77.17 (3.15)	97.72 (3.99)	21.03
iii.	Sant Kabirnagar	1.49 (0.15)	24.52 (2.55)	26.01 (2.71)	5.73	4.49 (0.27)	137.79 (8.42)	142.28 (8.69)	3.16
	total	14.77 (0.32)	112.32 (2.41)	127.09 (2.72)	11.62	46.25 (0.71)	616.86 (9.42)	663.11 (10.13)	6.97
12.	Mirzapur								
i.	Mirzapur	6.18 (0.36)	117.66 (6.84)	123.84 (7.20)	4.99	23.38 (1.02)	125.68 (5.50)	149.06 (6.53)	15.68
ii.	Sant Ravidasnagar	7.37 (0.66)	13.11 (1.18)	20.48 (1.84)	35.99	19.13 (1.30)	45.34 (3.08)	64.47 (4.38)	29.67
iii.	Sonbhadra	2.76 (0.25)	64.07 (5.73)	66.83 (5.97)	4.13	16.92 (1.14)	428.92 (28.93)	445.84 (30.07)	3.80
	total	16.31 (0.41)	194.84 (4.93)	211.15 (5.34)	7.72	59.43 (1.13)	599.94 (11.45)	659.37 (12.59)	9.01
13.	Moradabad								
i.	Moradabad	15.45 (0.63)	40.80 (1.66)	56.25 (2.29)	27.47	24.61 (0.74)	133.22 (3.98)	157.83 (4.71)	15.59
ii.	Jyotiba phule nagar	5.18 (0.62)	27.20 (3.28)	32.38 (3.90)	16.00	25.76 (1.85)	81.03 (5.81)	106.79 (7.65)	24.12
iii.	Rampur	- (-)	32.80 (2.43)	32.8 (2.43)	-	3.14 (0.17)	83.2 (4.61)	86.34 (4.78)	3.64
iv.	Bijnaur	- (-)	97.64 (6.73)	97.64 (6.73)	-	3.18 (0.08)	265.10 (6.88)	268.28 (6.96)	1.19
	total	20.63 (0.63)	198.44 (3.26)	219.07 (3.60)	9.42	56.69 (0.54)	562.55 (5.41)	619.24 (5.95)	9.15
14.	Meerut								
i.	Meerut	18.08 (1.21)	94.33 (6.34)	112.41 (7.55)	16.08	33.66 (1.76)	186.44 (9.77)	220.10 (11.54)	15.29
ii.	Baghpat	15.72 (2.28)	40.35 (5.85)	56.07 (8.13)	28.04	29.51 (2.57)	74.06 (6.45)	103.57 (9.02)	28.49
iii.	Ghaziabad	25.05 (2.33)	51.12 (4.76)	76.17 (7.09)	32.89	79.05 (3.43)	192.33 (8.35)	271.38 (11.78)	29.13
iv.	Gautambuddh nagar	3.39 (0.62)	10.08 (1.84)	13.47 (2.46)	25.17	31.45 (3.37)	116.45 (12.47)	147.90 (15.83)	21.26
v.	Bulandshahr	2.91 (0.13)	54.11 (2.50)	57.02 (2.63)	5.10	14.00 (0.51)	151.77 (5.51)	165.77 (6.02)	8.45
	total	65.15 (1.09)	249.99 (4.19)	315.14 (5.28)	20.67	187.67 (2.07)	721.05 (7.97)	908.72 (10.05)	20.65
15.	Lucknow								
i.	Lucknow	8.78 (0.70)	45.01 (3.58)	53.79 (4.28)	16.32	20.03 (1.22)	186.37 (11.31)	206.40 (12.53)	9.70
ii.	Raibareilly	13.03 (0.53)	108.88 (4.41)	121.91 (4.94)	10.69	40.65 (1.26)	138.87 (4.30)	179.52 (5.56)	22.64
iii.	Sitapur	10.98 (0.37)	70.93 (2.36)	81.91 (2.73)	13.40	68.33 (1.72)	211.67 (5.33)	280.00 (7.04)	24.40

iv.	Hardoi	12.07 (0.43)	68.27 (2.41)	80.34 (2.83)	15.02	39.23 (1.05)	148.35 (3.99)	187.58 (5.04)	20.91
v.	Lakhimpur	31.00 (1.17)	87.40 (3.29)	118.4 (4.45)	26.18	71.68 (1.99)	245.88 (6.84)	317.56 (8.83)	22.57
vi.	Unnao	1.22 (0.02)	57.75 (0.99)	58.97 (1.01)	2.07	16.74 (2.06)	132.73 (16.30)	149.47 (18.36)	11.20
vii.	Amethi	-	-	-	-	4.46 (0.30)	41.21 (2.75)	45.67 (3.04)	9.77
	total	77.08 (0.43)	438.24 (2.43)	515.32 (2.85)	14.96	261.12 (1.54)	1105.08 (6.51)	1366.20 (8.04)	19.11
16.	Varanasi								
i.	Varanasi	28.98 (1.64)	22.68 (1.29)	51.66 (2.93)	56.10	43.22 (1.84)	113.02 (4.82)	156.24 (6.66)	27.66
ii.	Chadauli	1.33 (0.13)	7.34 (0.69)	8.67 (0.82)	15.34	9.80 (0.53)	174.19 (9.49)	183.99 (10.02)	5.33
iii.	Ghazipur	- (-)	42.24 (1.59)	42.24 (1.59)	-	13.60 (0.39)	201.71 (5.79)	215.31 (6.18)	6.32
iv.	Jaunpur	- (-)	69.30 (2.01)	69.30 (2.01)	-	- (-)	128.20 (2.85)	128.20 (2.85)	0.00
	total	30.31 (1.07)	145.13 (1.58)	171.87 (1.92)	17.64	66.62 (0.87)	617.12 (5.08)	683.74 (5.62)	9.74
17.	Saharanpur								
i.	Saharanpur	16.88 (0.84)	110.52 (5.52)	127.4 (6.37)	13.25	33.50 (1.24)	326.85 (12.05)	360.35 (13.28)	9.30
ii.	Muzaffarnagar	16.69 (0.68)	103.58 (4.20)	120.27 (4.87)	13.88	56.88 (1.71)	335.21 (10.07)	392.09 (11.78)	14.51
	total	33.57 (0.76)	214.10 (4.48)	247.67 (5.23)	13.55	90.38 (1.50)	662.06 (10.96)	752.44 (12.45)	12.01
18.	Aligarh*								
i.	Aligarh	- (-)	- (-)	- (-)	-	18.68 (0.71)	103.42 (3.92)	122.10 (4.63)	15.30
ii.	Hathras	- (-)	- (-)	- (-)	-	16.28 (0.93)	86.06 (4.92)	102.34 (5.85)	15.91
iii.	Etha	- (-)	- (-)	- (-)	-	- (-)	135.35 (4.72)	135.35 (4.72)	-
iv.	kanshi Ram Nagar	- (-)	- (-)	- (-)	-	- (-)	40.39 (3.51)	40.39 (3.51)	-
	total	- (-)	- (-)	- (-)	-	34.96 (0.80)	365.22 (4.35)	400.18 (4.76)	8.74
	Uttar Pradesh	493.22 (0.61)	3597.77 (3.08)	4090.99 (3.50)	12.06	1321.44 (0.95)	11682.11 (7.04)	13003.55 (7.83)	10.16

Note- 1. Bracket shows per capita revenue.

2. (-) Shows Zila Panchayat which are not levying tax.

* Aligarh is 18th Mandal of Uttar Pradesh.

Source- Monitoring Cell, Department of panchayati Raj, Government of U.P., Lucknow.

Above table shows revenue of Zila Panchayats from 'C & P Tax'. Total tax revenue was ` 493.22 Lakh in 1998-99 which increased to ` 1321.44 Lakh in 2010-11. Per capita tax revenue was ` 0.61 and Rs. 0.95 respectively. The contribution of revenue from the tax to total own sources revenue of Zila Panchayats in Uttar Pradesh decreased from 12.06 per cent in 1998-99 to 10.16 per cent in 2010-11. Reason is that, this is only source of tax revenue and

the share of non-tax revenue to own source revenue has increased more rapidly than tax revenue. During the period 1998-99 to 2010-11 the growth rate (growth rate is exponential) of tax revenue at 2010-11 prices (current prices) was 7.07 and at 1998-99 prices (constant prices) was 1.79 per annum. Thus it is clear that growth rate of total tax revenue of Zila Panchayats are positive at current and constant prices. The value of R^2 of tax revenue for corresponding figures at current prices 0.96 and 0.68 at constant prices. Value of R^2 is statistically significant.

At the present in Mandal- Allahabad, Kanpur, Gorakhpur, Bareilly, Basti, Mirzapur, Moradabad, Meerut, Lucknow, Saharanpur all of Zila Panchayats has been imposing 'C & P Tax'. During the period 1998-99 & 2010-11 Mandal wise per capita tax revenue were Rs. 0.79 & 0.67, 0.64 & 0.84, 0.50 & 0.65, 0.70 & 0.98, 0.41 & 1.13, 0.63 & 0.54, 1.09 & 2.07 and 0.43 & 1.54 respectively. Besides, Allahabad and Moradabad in all Mandal per capita tax revenue has increased during the period. Reason of decreasing per capita of both Zila Panchayats is that during study period population increased higher than tax revenue. Growth rate of tax revenue at 2010-11 prices (current prices) were 7.26, 7.69, 4.46, 9.13, 7.81, 10.10, 9.02, 8.85, 9.61 and 5.38 per annum respectively and at 1998-99 prices (constant prices) it were 1.61, 2.02, -1.04, 3.32, 2.13, 4.30, 3.28, 3.12, 3.84, 0.27 and -0.16 per annum respectively. Data shows that the rate of growth of tax revenue in Gorakhpur and Saharanpur Mandal is negative at the constant prices. The reason of negative growth rates is that tax ambit is limited because the rate of tax has not been revised for a long time so tax could not imposed according to taxpaying capacity and new traders and businessman (new tax payer) has not been brought under the tax ambit by Zila panchayats. So rate of growth is not increasing in real terms. The values of R^2 of tax revenue for corresponding figures at current prices are 0.68, 0.86, 0.72, 0.90, 0.53, 0.92, 0.94, 0.94, 0.97 and 0.77 and 0.09, 0.37, 0.20, 0.22, 0.14, 0.44, 0.45, 0.46, 0.68 and 0.01. It is clear that at current prices R^2 value for Mandal- Bareilly, Mirzapur, Moradabad, Meerut and Lucknow are statistically significant but at constant prices not significant. In other mandal both at current and constant prices R^2 values are not statistically significant in the case of this tax.

Now the main problem is that all of Zila panchayats in Uttar Pradesh are not levying the tax. This is the major reason of low average per capita revenue from this tax. Zila Panchayats which are not levying the tax, related analysis are given below:-

In Agra, Azamgarh, Chitrakut, Jhansi, Devipatan, Faizabad, Varanasi, Aligarh Mandal, all ZP are not levying Circumstances and Property Tax (there are 4 Zila panchayats in Agra Mandal but all are not imposing this tax). During the period 1998-99 & 2010 per capita tax revenue were Rs. 0.34 & 0.98, 0.32 (in 1998-99 all Zila Panchayats of Chitrakut had not been levying the tax), 0.08 & 0.19, 0.43 & 0.53, 0.66 & 0.87 and 1.07 & 0.87 respectively. It is clear that per capita tax revenue of all Mandal has increased besides Varanasi. Reason is that, during the study period population of this Mandal has increased faster than revenue, so per capita revenue decreased. During the study period 1998-99 to 2010-11 the rate of growth of tax revenue were 14.14, 0.45, 6.66, 4.69 and 5.38 respectively at current 2010-11 prices and 8.13, -4.83, 1.05, -0.82 and 0.27 respectively at 1998-99 prices.

Growth rate at constant prices (at 1998-99 prices) in Jhansi and Faizabad Mandal are negative, shows that tax revenue has not increased in actual terms. Values of R^2 for Mandal-Azamgarh, Jhansi, Devipatan, Faizabad and Varanasi at current prices are 0.81, 0.06, 0.77, 0.70, 0.87 and at constant prices are 0.71, 0.01, 0.14, 0.12, 0.01 respectively. The values of R^2 are not statistically significant.

During the period 1998-99 & 2010-11 average per capita revenue from own sources of 60 Zila Panchayats, which are imposing tax is ` 3.42 and ` 8.08 and 15 Zila Panchayats, which are not imposing tax is ` 3.04 and ` 7.50. Data shows that per capita revenues are high of those Zila Panchayats which are imposing tax than which do not levy it. Thus that is clear if all of Zila Panchayats of Uttar Pradesh levy the tax, total own sources revenue will increase and also per capita revenue increased.

Findings

1. Levy and collection of 'C & P Tax' is not appropriate,
2. In most of Zila Panchayats per capita revenue from the tax is very low.

Discussion

Revenue from the tax is insufficient yet this tax may be a buoyant source of own sources revenue. The main reason of slow growth of tax revenue is that out of the total 75 Zila Panchayats in Uttar Pradesh at the present, only 60 Zila Panchayats are imposing this tax and remaining 15 Zila Panchayats do not levy it. This tax is a proportional tax by nature and rate of tax is very low and has not been revised for very long time. Besides, Zila Panchayats-Ghaziabad, Bagpat, Meerut, Bareilly, Lucknow, Unnao, Muzaffarnagar, in all Zila Panchayats per capita tax revenue was very low. The reason is that most of Zila Panchayats are economically undeveloped and income of citizens is very low. Thus many people do not come under the tax ambit and where the citizens are rich, tax could not be imposed by tax payable capacity because rate of tax is very low and also enough effort for collection and levying of the tax has not been made by Zila Panchayats. People unawareness and require co-operation is other hindrance in better collection and levying of the tax.

Third State Finance Commission of Uttar Pradesh pointed out many reasons of low revenue from the Circumstances and Property Tax, which are as follows:-

1. Nature of the tax is not clearly define and assessment of taxable income is difficult,
2. This tax levies on traders, businessman, factories and salaried employees and professionals do not come under tax ambit.
3. Tax collection efforts are insufficient,
4. Arrears of tax have not been collected for many years.
5. Zila Panchayats Adhyaksha do not use warrant due to political reasons and pressures, however they are authorised for that,
6. Karya Adhikari has not given enough power for tax collection,
7. Tax collection certificates do not send to finance officers on time,
8. Department of finance does not take required interest in collection of tax.

Besides above, unclear definition, various imposing rates, improper levying and collection are also major reason of low revenue from the tax.

Third State finance Commission of Uttar Pradesh recommended that this tax should be made compulsory for all Zila Panchayats of Uttar Pradesh. The limit of the taxable income which is Rs. 12,000 per year at the present should be increase to Rs. 25,000 per year because the household, whose income is Rs. 25,000 per year, comes under bellow poverty line. The income from agriculture is free from tax, but if this income use in obtaining property and other investment, then tax should be imposed. The maximum levying limit of the tax should be increase from ` 6,000 to ` 12,000 and rate of tax on taxable income should be increase from 3% to 5%. Warrant issuing authority should be given to the chief and Atirikt Karya Adhikari. Rural teachers, Police staff and army, Kiln (Iit-Bhattha) also should be brought under the ambit of this tax.

Being giving attention to recommendation of third Finance Commission, the State Government has decided that Circumstances and Property Tax would be compulsory tax for all Zila Panchayats. The Tax would be levy on those people, whose income is ` 50,000 or above. The maximum limit of the tax shall increase from Rs. 6,000 to Rs. 8,000 and the rate of the tax shall increase from 3% to 4% .Other recommendation about teachers, Police employees, and Army employee, Bank employee and Kiln employee are also accepted.

Conclusion

Own sources revenues of Zila Panchayats are very narrow and shallow. There is need for deepening and widening their tax/non-tax bases. Circumstances and Property Tax is a compulsory tax for all Zila Panchayats of Uttar Pradesh, but not all Zila Panchayats are levying this tax. This tax could be a buoyant source of own source revenue but exploitation of this resource is not proper. Collected data shows in most of Zila Panchayats per capita revenue from this tax is very low. Though some of Zila Panchayats of Utter Pradesh are not well developed, they increased successfully per capita revenue from the tax. But it is clear that levying and collection of tax were not proper. This tax should be made mandatory for all Zila Panchayats in the state. Model rules are formed by the Government to maintain consistency in its application. Objectives norms for levying of tax should be laid down and more professions and establishments including section of salaried class should be brought under the ambit of this tax. Assesses identification, procedure of assessment and recovery machinery should be specified in detail. Maximum limit of the tax should be increased and also the rate of tax should be increased from 3% to 5%.

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