



A Study On Role Of Municipality In Tax Collection And Administration In Sira Town

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Abstract

Municipal taxation plays a crucial role in strengthening local governance and ensuring effective delivery of public services. The present study, titled “A Study on the Role of Municipality in Tax Collection and Administration in Sira Town,” examines the efficiency, challenges, and administrative practices involved in municipal tax collection. The research highlights the importance of taxation as a primary source of revenue for municipalities to carry out developmental and welfare functions such as sanitation, infrastructure, water supply, and public health.

The study is based on both primary and secondary data. Primary data were collected through structured interviews with 50 respondents, including municipal officials, elected representatives, and tax department personnel, using purposive sampling. Secondary data were gathered from official records, articles, books, and online sources. The findings indicate that while the municipality makes systematic efforts to mobilize revenue, challenges such as limited taxpayer awareness, administrative constraints, and collection inefficiencies affect overall performance. The research concludes that improving administrative efficiency, strengthening tax databases, enhancing transparency, and conducting taxpayer awareness programs can significantly improve revenue collection. The study emphasizes that effective municipal tax administration is essential for financial sustainability and for providing quality public services to residents of Sira Town.

Key Words: Municipal Taxation, Revenue Mobilization, Tax Administration, Public Finance, Municipal Governance, Property Tax, Service Delivery.

INTRODUCTION

Government has to play an important role in all round development of society in the modern era. It has not only to perform its traditional functions (defense, maintenance of law and order) but also to undertake welfare and development activities such as health, education, sanitation, rural development, water supply etc. It has also to play for its own administration. All these functions require huge public finance.

MEANING OF TAX

Tax is a compulsory levy under certain conditions and it is meant for the general purposes of the state. It is one of the main sources of income to the government. Every citizen of a country pays taxes compulsory in one way or other.

DEFINITION OF TAX

Section 2(43) of Income Tax Act 1961 defines tax “tax means income tax chargeable under the provisions of this act and fringe benefit.”

MUNICIPALITY

Municipality is a local, urban administrative division that has its own self-governing body. It is essentially a city, town, or district responsible for managing its own local affairs and providing public services.

About Sira Municipal Council

The city has a population of 57,540 as per the 2011 Census and covers a total area of 15.40 square kilometers. It comprises 26,520 properties distributed across 31 wards. The total length of roads in the city is approximately 210 kilometers. The city receives a total water supply of 6.5 million liters per day (MLD), providing a per capita water supply of 65 liters per capita per day (LPCD). The climatic conditions of the city are characterized by high temperatures, with summer temperatures ranging between 35°C and 45°C, while winter temperatures generally range from 25°C to 35°C. For the financial year 2025–26, the Sira Town Municipal Corporation has an approved budget of ₹18.57 Crore and around 4 Crores tax collected.

RESEARCH DESIGN:

Meaning

Research design is the arrangement of condition for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economic in procedure. It constitutes the blue print for the collection, measurement and analysis of data.

TITLE OF THE STUDY

The title of this research report is “**A STUDY ON ROLE OF MUNICIPALITY IN TAX COLLECTION AND ADMINISTRATION IN SIRA TOWN**”

REVIEW OF LITERATURE

1. “Reforming property tax in Patna Municipal Corporation: Critical Analysis.”

Author: Mathur M. P. (2014)

In his article, he discusses the importance and position of property tax in India. The paper analyzes that there is a big variation in the collection and on an average only 30 to 40% potential tax is realized, and taxes on property continued to be plagued by problems of narrow base, persistence under valuation, high rates, poor collection efficiency etc..

2. “Local Government revenue mobilization in Anglophone Africa.”

-Odd – Helge Fjeldst and Karilteggstand

Chr. Michelsen Institute (CMI) – October 2012

This study examines opportunities and constraints facing local revenue mobilization in Anglophone Africa with an emphasis on urban settings. The general conclusion emerging from the study is that local Revenues mobilized in most local government authorities in Africa are necessary but not sufficient to develop and supply adequate service for the fast growing population.

3. “A study on LGA’s Own Source Revenue Collection.”

Prepared by: Prime Minister’s Office, United Republic of Tanzania – November, 2013

In this study they provided the reasons that can be associated with declining revenues in LGA's in Tanzania, including unwillingness to pay taxes, poor planning before outsourcing, political interference, poor contact management and absence of tax payer database.

4. "Taxation and informed sector: A case study of Bolgatanga Municipality"

By – Patrick Somuah, August 2011

In his study he found that factors such as application sanctions, regular tax education, anticipation of benefits, high tax rates, among others affect compliance level of the tax district, improper books of accounts were some of the challenges facing tax district in the Bolgatanga Municipality.

5. Dutta, Abhijeet, (1998) in his article, "Rent Control and Municipal Property Tax Base: Reform Attempts in India" discusses the present situation of property tax and different alternative taxes. The paper explain, the Indian experience of reforming the property tax base, and shows a consistent trend in court decisions to accord privacy to rent control laws in determining rental value.

STATEMENT OF THE PROBLEM

Taxes are the main sources of revenue to all the levels of government including municipalities. But the most of the municipalities are facing the difficulty to raise funds by tax collection and from external sources of funds, it directly affect on the administration and undertaking of developmental projects in the municipal area. It mainly depends on the internal system and performance of municipality. In order to know why they are failing in revenue mobilization? **"A Study on Role of Municipality in Tax Collection and Administration in SIRA Town"** has been taken up.

OBJECTIVES OF THE STUDY

1. To know the efforts of Municipality in Tax Collection.
2. To know the efficiency of revenue mobilization Team in Sira Town Municipal Council.
3. To know the problems faced by STMC in Tax Collection.
4. To know whether the collected amount of revenue at present is enough to provide effective administrative services to the public or not.

SCOPE OF THE STUDY

The scope of the present study is confined to concept of municipal taxes, revenues and its administration. The study is related to a unit of Town Municipal Council situated in Sira. The study depicts the responses or opinions of the key officials of municipality and people representatives of municipal wards.

METHOD OF RESEARCH

The research work entitled to A Study on Role of Municipality in Tax Collection and Administration in Sira Town is undergone through the structured interview method.

Sources of data

Data has been collected from both primary as well as secondary sources.

Primary Data

Primary Data collected from structured interview with the key officials of Sira town municipal council and people representatives of municipal wards.

Secondary Data

Secondary Data are collected from website, articles ledgers, books etc.

Sampling method

Purposive sampling method

Population of the Study

The population of the study is 50 peoples including key officials relating to tax department, presidents, vice-president and councilors of Town Municipal Council, in Sira Town.

Sample Size

A sample size of 50 respondents is considered for the study

LIMITATIONS OF THE STUDY

- The study limited to only Town Municipal Council, Sira Town
- Busy schedule of officials in municipality leads to unintentional errors.
- The respondents may hide actual facts.
- Collection of data for this study has to be a difficult task for this researcher.

CONCLUSION

More importantly municipalities play a major role in collection of the taxes in the local area and by giving major and minor facilities to the tax payers and to public including proper drainage facility, supplying of water, lightening of Public Street, removal of wastes in the municipal area etc.

The study reveals that the municipality is facing number of problems in tax collection including inefficiency of tax collectors, shortage of staff, political influence etc. and the study shows that most of the respondents are dissatisfied with the amount of tax collected at present and with the revenue mobilization team. It directly impact on the undertaking of developmental projects and to discharge the public services effectively.

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