FINANCIAL PERFORMANCE ANALYSIS OF SELECTED INCOME TAXPAYERS (BUSINESSMEN) OF BRAHMAPUR CITY

Submitted in the partial fulfillment of the requirement for the award of the degree of

BACHELOR OF COMMERCE (HONOURS)

Submitted by

ANIL KUMAR HOTTA

Examination Roll No.: UG2303COM036

Registration No.: 10562/2023

Under the guidance and supervision of

DR. ANNAPURNA SAHOO

Head of the Department of Commerce

KHALLIKOTE UNITARY UNIVERSITY

BRAHMAPUR- 760001

DEPARTMENT OF COMMERCE

BATCH: 2023-26

CERTIFICATE

This is to certify that the project entitled **"A Study on Financial Performance Analysis of Selected Income Taxpayers (Businessmen) in Brahmapur City"** is a bonafide work carried out by **ANIL KUMAR HOTTA**, Examination Roll No. **UG2303COM036**, Registration No. **10562/2023**, a student of **Bachelor of Commerce (Honours)**, Department of Commerce, **Khallikote Unitary University, Brahmapur**, under my guidance and supervision during the academic session **2025–26**.

This project is submitted in partial fulfilment of the requirements for the award of the degree of **Bachelor of Commerce (Honours)** and has not been submitted earlier to any university or institution for the award of any degree.

Place: Brahmapur
Date:

Signature of the Guide
Dr. Annapurna Sahoo
Head of the Department
Department of Commerce
Khallikote Unitary University
Brahmapur – 760001

DECLARATION

I, **ANIL KUMAR HOTTA**, hereby declare that the project entitled **"A Study on Financial Performance Analysis of Selected Income Taxpayers (Businessmen) in Brahmapur City"** submitted in partial fulfilment of the requirement for the award of the degree of **Bachelor of Commerce (Honours)** of **Khallikote Unitary University, Brahmapur**, is my original work and has been carried out under the guidance of **Dr. Annapurna Sahoo**, Head of the Department, Department of Commerce.

I further declare that this project has not been submitted earlier to any university or institution for the award of any degree or diploma.

Place: Brahmapur
Date:

Signature of the Student
ANIL KUMAR HOTTA
Examination Roll No.: **UG2303COM036**
Registration No.: **10562/2023**

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Signature of the Student
ANIL KUMAR HOTTA
Examination Roll No.: **UG2303COM036**
Registration No.: **10562/2023**

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ABSTRACT

This study examines the financial performance of selected individual income tax payers in Brahmapur City, Ganjam District, over the period 2022–23 to 2024–25. The project evaluates profitability, growth trends, liquidity, solvency, cash flows, and tax compliance behaviour to understand the overall financial health of small and medium businesses operating in a semi-urban economic environment.

The importance of the study lies in its attempt to bridge financial analysis with practical taxation behaviour, highlighting how business structure and local economic conditions influence financial efficiency and reporting practices. The major objective of the project is to analyse and compare the financial performance of selected assessees using key financial indicators and interpret their tax compliance patterns.

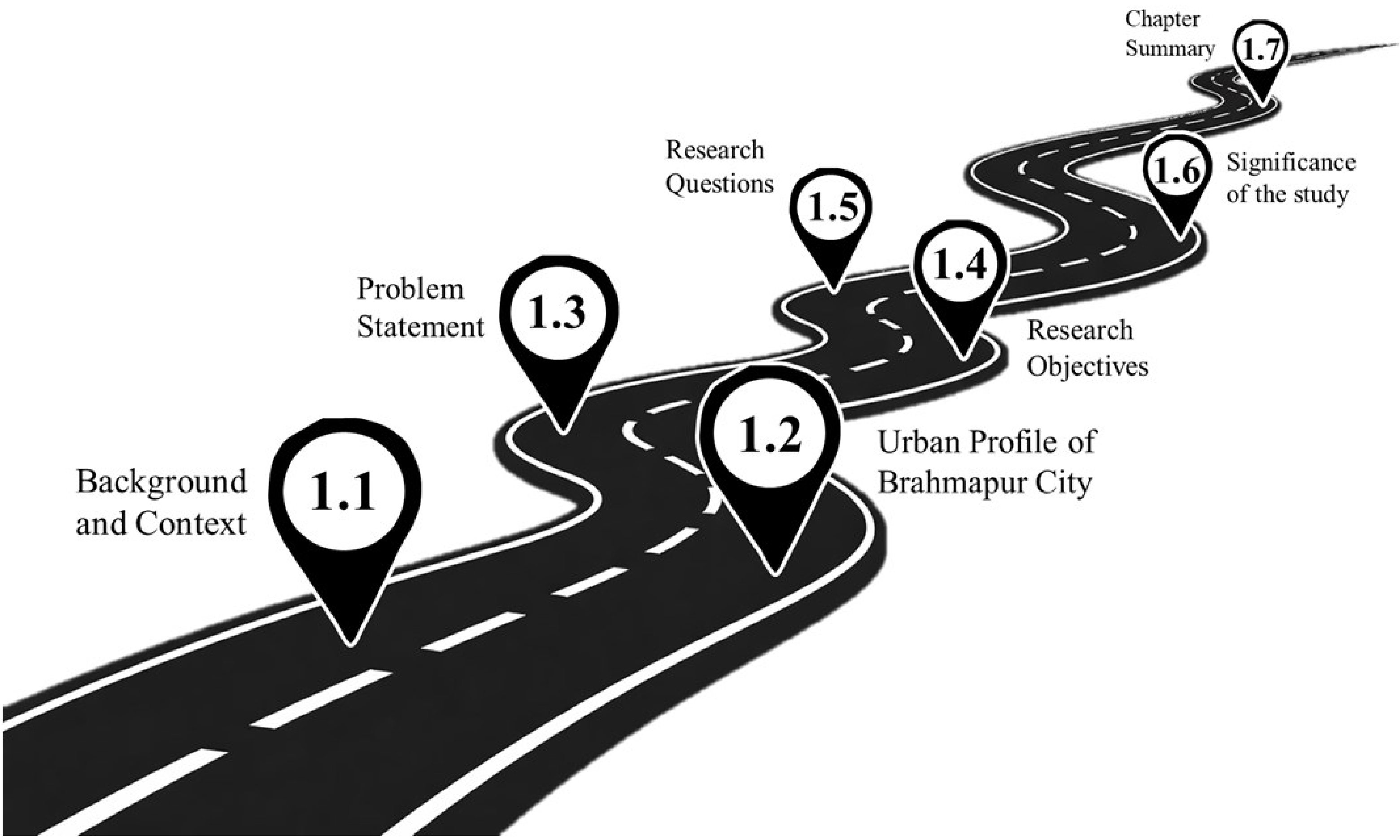
The study is based on secondary data collected from Profit & Loss Accounts, Balance Sheets, and tax computations of seven selected assessees. Analytical tools such as ratio analysis, trend analysis, cash flow analysis, and correlation analysis have been applied using MS Excel to derive meaningful interpretations.

The findings reveal that service and retail businesses demonstrate higher relative profitability, while manufacturing and trading units operate on volume-driven margins. A strong positive relationship between sales and net profit is observed across all years. Overall, sustainable performance depends on balanced profitability, liquidity management, prudent leverage, and compliant tax practices. The study implies that sector-specific financial strategies and structured tax planning are essential for long-term stability.

Keywords: Financial Performance, Profitability Ratios, Liquidity, Solvency, Cash Flow Analysis, Tax Compliance, Correlation Analysis, Small Businesses, Brahmapur City

CHAPTER 1

INTRODUCTION



CHAPTER 1: INTRODUCTION

1.1 Background and Context

Income taxation constitutes a principal source of fiscal revenue in developing economies, underpinning the financial capacity of governments to provide essential public services, support human development, and promote equitable growth. In the last decade, India has significantly reformed its tax structures and compliance mechanisms to widen the tax base, reduce evasion, and strengthen tax governance. However, within this broad policy environment, a persistent challenge remains: ensuring conformity between *reported economic performance* and *actual business income* among taxpayers, particularly those operating small-scale businesses in secondary cities.

One such urban landscape that exemplifies this complexity is **Brahmapur (also historically referred to as Berhampur)**, located in the **southern part of Odisha State, India**. Brahmapur occupies a distinctive position in the state's socio-economic geometry: it is both a thriving commercial hub and a city with deep historical roots in traditional trade and artisanal industries. With an estimated population ranging from approximately **446,000 to 455,000 in 2025–26**, the city represents one of the fastest-growing urban agglomerations in Odisha outside the state capital region.

The city's economy draws upon a heterogenous mix of commercial activities, ranging from retail enterprises, small-scale manufacturing, service establishments, artisanal handicrafts (notably *Berhampuri silk and ikkat textiles*), and informal economic practices sustained by local entrepreneurial networks. Despite its vibrant business milieu, Brahmapur's economic promise is juxtaposed against entrenched disparities in formal financial reporting practices and public revenue generation, particularly within the domain of income tax compliance. Multiple qualitative reports and stakeholder narratives suggest that many small businessmen underreport incomes or engage in informal financial transactions that fall outside formal reporting channels, leading to a sustained gap between *tax obligations as recorded by government authorities* and *tax liabilities implied by actual economic performance*. This divergence—often referred to as the **tax gap**—poses multifaceted implications not only for public finances but also for business equity, social justice, and citizen trust in governance systems.

The impetus for this research arises from a need to examine these discrepancies through an integrative analytical lens that combines rigorous financial performance assessment with a nuanced understanding of underlying human, socio-economic, and institutional dynamics. This study is fundamentally humanitarian in orientation, foregrounding the lived experiences of local businessmen who navigate a complex interplay of regulatory requirements, socio-cultural norms, and market pressures in their daily financial practices. It seeks to understand not merely the *extent* of divergences between declared and actual income, but also the *motivations*, *constraints*, and *decision-making contexts* that shape such behaviours in Brahmapur's distinctive urban ecosystem.

1.2 Urban Profile of Brahmapur City

To situate the empirical inquiry within an accurate context, it is essential to outline the demographic and economic milieu of Brahmapur as of the most recent authoritative estimates.

1.2.1 Demographic Structure and Literacy

According to the most recently available estimates based on extrapolations from Census 2011 and subsequent demographic projections, Brahmapur's city population in **2025–26 is approximately between 446,000 and 455,000 residents**. The city serves as a central commercial nucleus for surrounding rural and peri-urban districts, contributing significantly to regional consumption patterns and employment generation. Table 1.1 summarises key demographic indicators for Brahmapur from official data and projected estimates.

Table 1.1: Demographic Profile – Brahmapur City (2011 Census & 2026 Estimates)

Indicator	2011 Census	Estimated 2026
Total Population	356,598	~455,415
Male Population	185,754	(approx.)
Female Population	170,844	(approx.)
Literacy Rate (Overall)	89.26 %	(approx. stable)
Urban Rank in Odisha	4th most populous	—
Urban Agglomeration Trend	Growing rapidly	Continued growth

Source: Office of the Registrar General & Census Commissioner, India; World Population Review projections for 2025–26.

Brahmapur's literacy indicators, particularly the overall literacy rate of roughly **89 %**, significantly exceed the average for Odisha and reflect the city's strong human capital foundation—a critical factor shaping financial decision-making, tax awareness, and business reporting capacity among economic actors.

1.2.2 Economic Landscape and Business Environment

Brahmapur's economy is characterised by an expansive informal sector alongside formal micro, small and medium enterprises (MSMEs). Traditional crafts such as *Berhampuri Patta* silk weaving are embedded within local cultural identity and contribute notably to regional market dynamics and exports, albeit often through unconventional reporting channels.

The city's strategic position as a commercial node within the **Ganjam district** has catalysed diverse business activity, with intensive small business clustering in retail, transportation, service provision, and manufacturing subsectors. Although precise city-level income tax data remains unpublished at granular levels by government sources, broad empirical patterns in similar urban economies in India indicate that small traders and self-employed proprietors often struggle with systematic financial record-keeping, leading to discrepancies in reported income figures and actual business performance. These patterns are reflected in anecdotal evidence from local chambers of commerce and municipal tax departments, suggesting recurring compliance challenges that this study aims to document and analyse systematically.

1.3 Problem Statement

Despite national and state-level efforts to strengthen tax compliance and expand formal financial reporting, multiple public accounts and practitioner narratives from Brahmapur indicate the existence of a persistent **gap between declared and actual business income among taxpayers**. This gap manifests in:

1. **Underreported revenues** in tax filings relative to estimated cash flows observed through financial transactions and market behaviour.
2. **Informal cash-based practices** that remain outside formal accounting records.
3. **Disparate interpretative understanding of tax norms**, influenced by socio-cultural expectations, historical mistrust in institutional processes, and administrative complexity.

At surface level, such divergences erode the municipal and state revenue base. More fundamentally, they mark a strain on the equitable distribution of economic benefits, undermine the integrity of governance systems, and entrench inequities in public service delivery. For instance, inadequate tax revenues constrain investments in infrastructure, healthcare, and education—services that disproportionately benefit economically vulnerable groups. In this regard, the issue transcends numerical variance and enters the sphere of social justice, demanding a research approach that honours both statistical precision and human context.

Given this backdrop, the central research problem can be succinctly articulated as:

Despite Brahmapur's sustained economic vitality and relatively strong human capital indicators, a significant and inadequately understood discrepancy exists between income tax payments recorded in formal government systems and the actual economic performance of business taxpayers.

The study, therefore, seeks to examine the financial performance and compliance behaviour of selected income tax payers in Brahmapur City to understand the nature, extent and drivers of this discrepancy.

1.4 Research Objectives

The primary objective of this research is to undertake a **financial performance analysis** of selected income taxpayers (businessmen) in Brahmapur City to quantify and interpret the gap between government-recorded tax payments and real income performance.

Specific objectives include:

- To assess the patterns of income reporting relative to actual business cash flows among selected taxpayers.
- To identify socio-economic factors that influence compliance behaviour and financial reporting practices.
- To examine the structural and procedural barriers faced by small businessmen in fulfilling tax obligations.
- To propose policy recommendations and managerial interventions to support transparent and humane tax compliance practices.

1.5 Research Questions

The following research questions guide this investigation:

1. What is the extent of the discrepancy between reported income tax payments and actual revenue performance among selected taxpayers in Brahmapur City?
2. What financial and non-financial factors contribute to income underreporting or reporting inconsistency?

3. How do institutional practices, taxpayer perceptions, and socio-economic conditions influence compliance behaviour?
4. What measures can be recommended to enhance accuracy, fairness, and human dignity in tax administration?

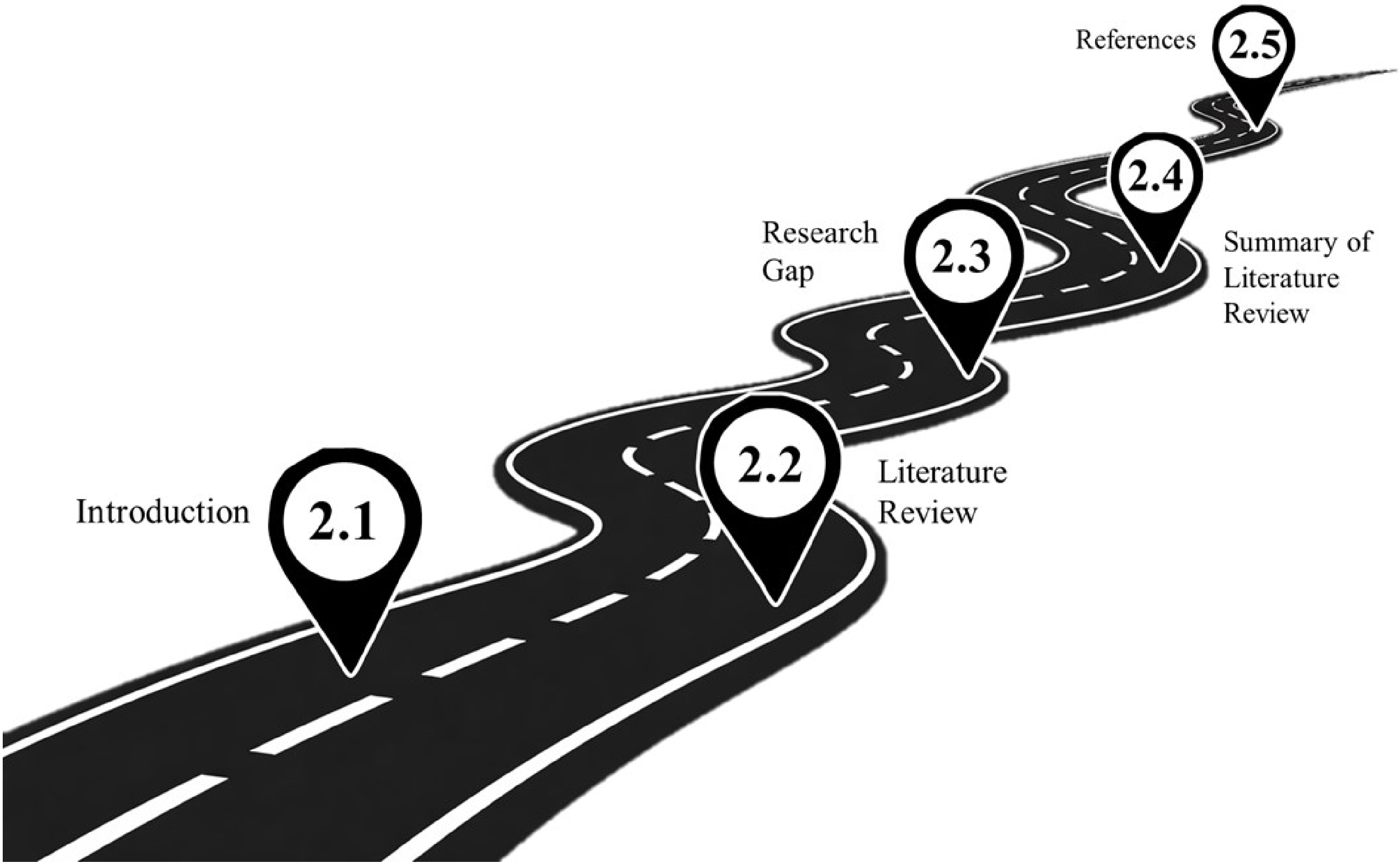
1.6 Significance of the Study

This research contributes to the academic discourse on small business finance and tax compliance by providing city-level empirical evidence in a secondary Indian urban context—an area often overlooked in mainstream fiscal studies. Beyond numerical analysis, the study foregrounds **human realities**—the nuanced motivations, frustrations, and aspirations of local businessmen who operate at the nexus of survival, growth and compliance. Findings are expected to inform policymakers, municipal tax authorities, business associations, and civil society actors on creating more humane, transparent and inclusive tax systems that support both economic well-being and public accountability.

1.7 Chapter Summary

This chapter has introduced the research topic by situating the study within the broader socio-economic and administrative landscape of Brahmapur City, outlining the central problem of tax discrepancies, stating the research objectives and questions, and elaborating on the significance of the enquiry. Subsequent chapters will expand upon existing literature, elaborate the theoretical framework, and present rigorous methodological and analytical findings in pursuit of a comprehensive understanding of financial performance and tax compliance among businessmen in Brahmapur.

CHAPTER 2
REVIEW OF LITERATURE



CHAPTER 2: REVIEW OF LITERATURE

2.1 Introduction

A review of literature is an essential part of any research study as it provides an understanding of the existing knowledge, theories, and findings related to the research topic. It helps the researcher to identify the contributions made by previous scholars and to understand the research gap that the present study aims to address. In the field of finance, literature on financial performance analysis and taxation has gained significant importance due to its relevance in evaluating financial efficiency and compliance behaviour.

Several studies have been conducted on financial performance analysis of corporate entities, banks, and large organisations using tools such as ratio analysis, trend analysis, and comparative analysis. These studies mainly focus on profitability, liquidity, solvency, and efficiency aspects of financial performance. Similarly, a number of researchers have examined income tax compliance, tax planning, and tax behaviour of individuals at the national and international levels. Such studies highlight the role of income levels, awareness, and regulatory frameworks in influencing tax compliance.

However, most of the available literature concentrates on corporate organisations or uses aggregated national data. Limited attention has been given to the financial performance and tax payment behaviour of income tax payers at the regional or local level. Studies focusing on semi-urban areas and small cities are particularly scarce. As a result, there is a lack of region-specific evidence regarding how individual assessees manage their income, expenditure, and tax obligations.

The present study attempts to review relevant literature related to financial performance analysis and income tax payers to build a theoretical and empirical foundation for the research. By analysing earlier studies, the researcher gains insights into commonly used methodologies, tools of analysis, and key findings in this area. This chapter also helps in identifying the research gap that justifies the need for the present study on selected income tax payers in Brahmapur City of Ganjam District. Thus, the review of literature serves as a guiding framework for the analysis and interpretation of data in subsequent chapters.

2.2 Literature Review

1. **Dilip Kumar Datta (2013),** This paper shows how ratio analysis can be used beyond "just calculating ratios" — it uses ratios to compare and classify performance (profitability, liquidity, leverage, debt-servicing capacity, working-capital efficiency) across industry groups. The author also explains the practical issue of mapping accounting-style ratios to available datasets (ASI) and maintaining

definitional parity, which directly connects to work of converting P&L/Balance Sheet into comparable indicators across multiple individual taxpayers. Method-wise, the paper demonstrates building a structured ratio set, then using statistical grouping (cluster analysis) to interpret patterns; that logic is helpful when later interpret which assesses look "similar" or "different" in liquidity/profitability trends. The study reinforces that ratio analysis becomes meaningful when ratios are interpreted together (not in isolation) and used to infer financial "health" dimensions systematically.

2. **Sri Ayan Chakraborty (2017),** This article is relevant because it operationalizes financial performance analysis using a set of ratios and then tests whether differences across firms are statistically meaningful using ANOVA, showing a clean bridge between descriptive ratio computation and analytical inference. For this project, even if it won't run ANOVA, the paper's structure helps: define the objective (performance evaluation), choose a comparable sample, compute ratios consistently from secondary financial statements, and interpret results for stakeholders. It also highlights why ratio analysis should connect to decision usefulness (investor/management), and not remain a mechanical exercise. The paper's emphasis that individual accounting numbers become meaningful only when related to other numbers matches the core justification of this methodology.
3. **P. Megaladevi (2018),** (DOI: 10.21917/ijms.2018.0117). This paper is a strong support for this Chapter 2 because it directly links liquidity measures (current ratio, quick ratio, etc.) with profitability outcomes, using secondary data and ratio-based analysis over a defined period. In this study of individual taxpayers, liquidity–profitability interaction is equally important: some assesses may show high turnover/profits but low liquidity buffers; others may show safe liquidity but lower margins. The paper reinforces the conceptual point that liquidity is not merely "good" when high — it can have trade-offs with profitability, and interpretation should consider the business context. It also provides a template for writing: objectives → ratio selection → time period → sample selection → interpretation of relationships.
4. **Mohan Kumar M. S., Safeer Pasha M. & Bhanu Prakash T. N. (2015),** This article is useful because it demonstrates profitability analysis using secondary financial data with a multi-year horizon, applying summary statistics (mean, standard deviation, coefficient of variation) and growth measures like CAGR. For this project, the technique is transferable: once it compute key ratios for each assessee, it can summarize 3-year patterns using averages, variability, and growth trend direction. The paper also shows how to compare "which entity performs better" using consistent metrics — similar to how it may compare "which assessee shows stronger profitability stability or improving trend." Importantly, it frames profitability analysis as more than net profit: it is interpreted in relation to operational performance and consistency across time.

5. **Praveen Gujjar J. & T. Manjunatha (2016),** This paper strengthens this literature base by showing how ROE can be decomposed into drivers (profit margin, asset turnover, equity multiplier) using the DuPont framework. Even if this project primarily uses standard ratios, DuPont logic is extremely helpful for interpretation: two assesses may have similar profitability but different asset utilization; or similar ROE-like performance but driven by different leverage behavior. The authors also use regression/panel style reasoning to test whether DuPont components significantly explain performance differences across time — this supports the idea that ratios should be interpreted as a system rather than isolated indicators. For this individual taxpayers, it can adapt the insight: profitability trends should be interpreted along with efficiency (turnover-type ratios) and solvency/leverage proxies from balance sheet structure.
6. **Piyush Gupta & Krishna Kumar Jaiswal (2020),** This article is relevant as a clean example of ratio-based performance evaluation using secondary data, with clear objectives, methodology, and interpretation of liquidity/profitability indicators across entities. Even though the sector is banking, the research logic matches this design: select sample units, define time period, compute ratios, and interpret whether differences are meaningful for stakeholders. The paper also shows how performance can be evaluated through multiple dimensions (capital adequacy/efficiency measures in banks; similarly, for individuals it can evaluate profitability, liquidity, leverage, and tax burden indicators). It helps it justify why a comparative approach is legitimate even with a limited sample, as long as ratios and definitions are consistent.
7. **Swati Sharma & Ishani Patharia Chopra (2018),** This paper is valuable because it demonstrates a structured, multi-parameter performance evaluation framework (CAMEL) that combines multiple indicators into an overall comparative judgement. For this project, the direct takeaway is methodological: performance assessment becomes more credible when it evaluate multiple angles together (liquidity, earnings/profitability, leverage/solvency, efficiency), rather than concluding based on one ratio. The authors also show how to use secondary data consistently and apply ranking/testing logic to support conclusions.
8. **Ruchi Gupta (2014),** This article helps this literature review because it clearly explains CAMEL as a ratio-based evaluation model and demonstrates a descriptive–analytical design using secondary data. For this project, the strong relevance is the emphasis on standardization: the same metrics must be applied across all entities to make comparisons valid — exactly what it will do with the 10 assesses' P&L and balance sheets. The paper also illustrates how to transform ratio outputs into rankings and interpret results at the group level (which institutions show stronger capital/earnings/liquidity patterns).

9. **Hari Krishna Karri, Kishore Meghani & Bharti Meghani Mishra (2015),** This study is useful as it demonstrates how CAMEL indicators can be applied to compare performance and interpret financial position using secondary data across time. While this project deals with individual taxpayers rather than banks, the analytical approach remains applicable: define a performance framework, compute indicators consistently, and interpret results with a comparative lens. The authors highlight that "performance" is multi-dimensional and should include both strength and weakness areas — which aligns with this task of identifying which assesses have stable profitability, which have liquidity risk, and which show rising leverage or volatile trends. The paper also shows how prior literature is used to justify indicator selection, which it can mirror when it justify why it chose particular ratios (gross profit margin, net profit margin, current ratio, debt-equity type proxies, interest coverage proxies, etc.).
10. **Jagjeet Kaur & Harsh Vineet Kaur (2016),** This paper supports this work by showing a decade-long secondary-data analysis where entities are selected on an objective basis (market capitalization) and then evaluated using a structured ratio framework. The key lesson for this project is how to define a consistent time window and interpret changes across years, because this project also compares 3-year performance trends. The authors explain CAMEL components and why each dimension matters (capital adequacy, asset quality, earnings, liquidity) — conceptually similar to this need to explain why profitability ratios, liquidity ratios, and leverage/solvency indicators matter for "financial performance" of individual taxpayers/businesses. Another transferable element is the narrative: the paper moves from financial indicator computation to meaning (what the ratio implies for stability and risk).
11. **Vikas Pratap Singh & Sachin Singh (2025),** This article is useful because it explicitly frames ratio analysis as a decision-support tool for investors/analysts and uses a broad ratio basket: liquidity, profitability, efficiency, and solvency ratios. For this project, the relevance is the "comprehensive ratio dashboard" logic: a single ratio never gives a full picture, so performance needs multi-ratio interpretation and cross-checking. The paper also emphasizes that users interpret financial statements from different angles; similarly, in this project, tax payers' financials can be interpreted from income stability, liquidity safety, and tax burden viewpoints. The article's structure gives it a good template for writing this own literature-supported justification of ratio categories, and it reinforces the importance of using secondary data carefully (annual reports/financial statements) and maintaining comparability.
12. **Trivedi Krishna Kulinbhai (2020),** (DOI: 10.48175/IJARSCT-433). This paper matters because it brings cash-flow based indicators into performance analysis, not only accrual-based profit ratios. In this taxpayer project, profit can look strong on P&L while cash position/liquidity remains tight —

especially for small businesses and individual taxpayers. The author explains how cash flow indicator ratios help interpret the ability to pay obligations and sustain operations, which strengthens this argument that performance analysis should consider liquidity realism. The paper also demonstrates clear classification of cash flow ratios (e.g., dividend paitt/retention type indicators in this context) and uses multi-year averages to interpret stability.

13. **Nandhu N & S. Ranjith Kumar (2020),** This article strengthens this review because it argues that financial performance divergence can be captured more realistically through cash flow ratios, not just accounting profit. In applied financial analysis (including individual taxpayers), this is a critical interpretive angle: profits can be influenced by non-cash items, timing differences, or accounting classification, while cash flow ratios highlight operational financial strength. The authors set clear objectives, define a study period, and explain methodology (secondary data from company portals), which matches this research design. It also uses multiple cash flow ratios over a multi-year window and links ratio movements to real financial viability.
14. **G. Lakshmi & Nivethitha S. (2021),** This paper is useful because it shows a practical, Excel-friendly approach to analyzing financial performance using secondary data from profit & loss accounts and balance sheets over multiple years, and then interpreting results using mean, ratio analysis, and trend logic. For this project, it provides a very relevant blueprint: with only a few years of data, the analysis still becomes meaningful when ratios are computed consistently and trends are interpreted carefully. The paper also demonstrates comparative reasoning—identifying which firm shows stronger cash flow position and where improvements are needed.
15. **Pratik Pawar & Rutvik Warghade (2025),** This paper consolidates the rationale of ratio analysis as a tool for assessing profitability, liquidity, solvency, and efficiency in Indian business settings using secondary data. For this project, it supports the academic justification of why ratio analysis is appropriate when it have P&L and balance sheet data for multiple entities and multiple years. The authors also highlight how ratios help different stakeholders (investors, management, creditors) make decisions — it can adapt this logic to this "individual taxpayers" context by explaining how financial performance affects creditworthiness, tax planning capacity, and sustainability of income generation. The study's methodology section reinforces that descriptive + analytical design based on audited/secondary data is valid.

2.3 Research Gap

From the above review of literature, it is evident that several researchers have examined financial performance using ratio analysis, liquidity–profitability relationships, DuPont analysis, CAMEL framework, cash-flow indicators and multi-year trend analysis in different Indian contexts. Dilip Kumar

Datta (2013) analysed the use of financial ratios for classifying performance across industrial groups, while Sri Ayan Chakraborty (2017) focused on performance evaluation of FMCG firms using ratio analysis and statistical techniques. P. Megaladevi (2018) examined the relationship between liquidity and profitability, and Mohan Kumar M. S. et al. (2015) studied profitability trends using multi-year secondary data. Praveen Gujjar and T. Manjunatha (2016) applied the DuPont model to explain return on equity, whereas Piyush Gupta and Krishna Kumar Jaiswal (2020) evaluated financial performance using ratios in the banking sector. Further, studies by Swati Sharma and Ishani Patharia Chopra (2018), Ruchi Gupta (2014), Hari Krishna Karri et al. (2015) and Jagjeet Kaur and Harsh Vineet Kaur (2016) concentrated mainly on CAMEL-based performance analysis of banks. Research by Trivedi Krishna Kulinbhai (2020), Nandhu N and S. Ranjith Kumar (2020) and G. Lakshmi and Nivethitha S. (2021) emphasized the role of cash-flow indicators in evaluating financial performance, while Pratik Pawar and Rutvik Warghade (2025) provided a general overview of financial performance analysis using key ratios in the Indian business context.

However, it is observed that most of the existing studies are concentrated on corporate entities, banks, manufacturing firms or listed companies, and are largely sector-specific. Very limited attention has been given to individual income tax payers, particularly small business and professional assessees, whose financial statements are closely linked with tax computation. Further, no specific study has been found that analyses the financial performance of individual income tax payers in Berhampur city of Ganjam district using actual profit and loss accounts, balance sheets and tax computation data over multiple years. Therefore, there exists a clear research gap in analysing the financial performance of individual assessees at a micro-level and regional context. The present study attempts to fill this gap by conducting a financial performance analysis of selected individual income tax payers in Berhampur, Ganjam district, using secondary data of the last three years and applying ratio and trend analysis techniques.

2.4 Summary of Literature Review

The review of literature indicates that financial performance analysis and income tax compliance have been widely studied in the Indian context at both national and regional levels. Most national studies have focused on corporate entities, small and medium enterprises, and aggregated income tax data, using tools such as ratio analysis, trend analysis, and comparative analysis to evaluate profitability, efficiency, and tax behaviour. These studies highlight the importance of income stability, expenditure control, financial planning, and awareness of tax regulations in improving financial performance and tax compliance.

In view of these observations, the present study aims to bridge the identified research gap by analysing the financial performance of selected income tax payers in Brahmapur City of Ganjam District. The study adopts an analytical approach using secondary data and appropriate financial tools, thereby providing a logical transition from the literature review to the research methodology discussed in the next chapter.

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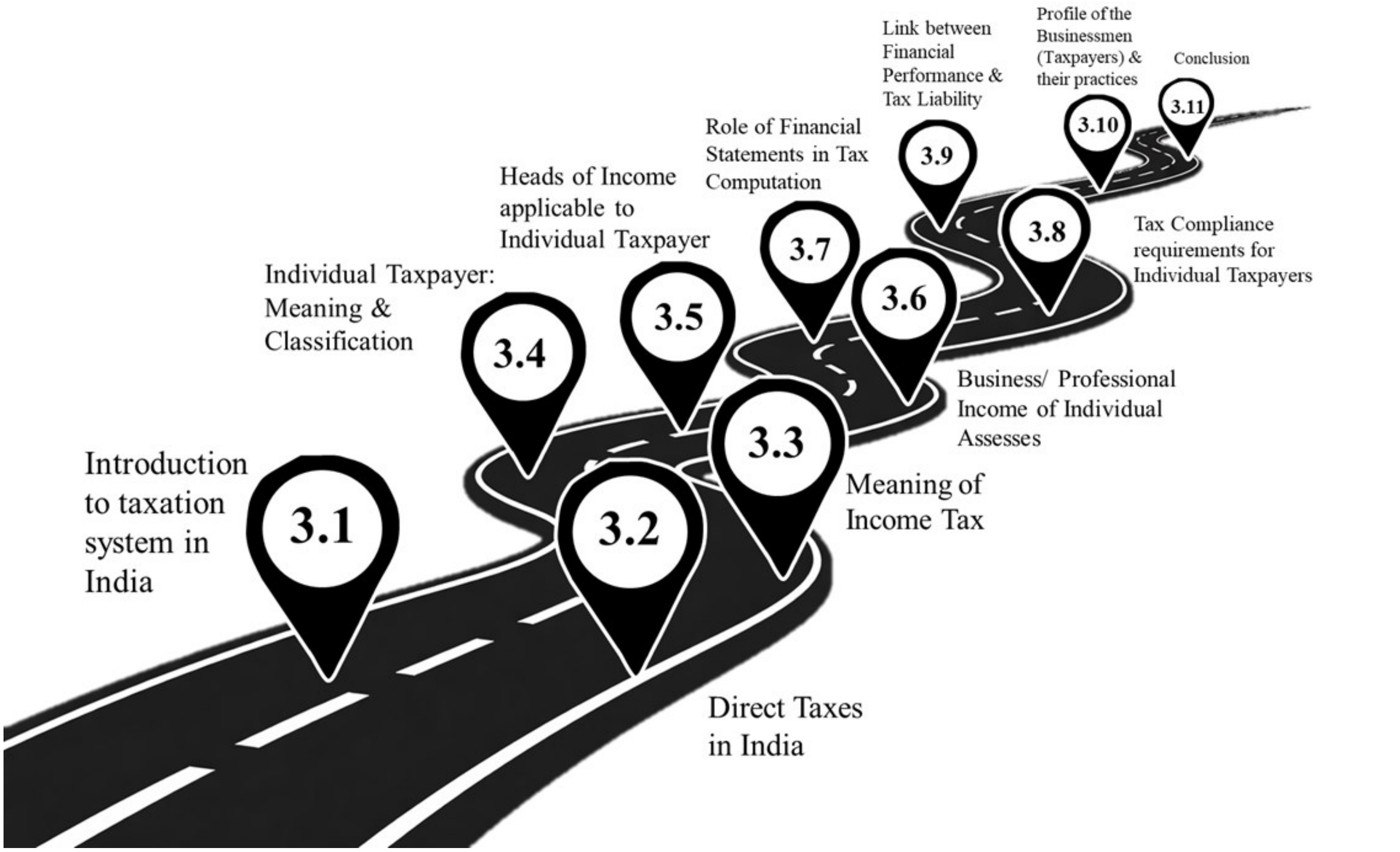
CHAPTER 3
TAXATION SYSTEM AND INDIVIDUAL TAXPAYER



CHAPTER 3: TAXATION SYSTEM & INDIVIDUAL TAX PAYER

3.1 Introduction to Taxation System in India

Taxation represents one of the most essential and foundational mechanisms for revenue generation employed by governments across the globe, and in India, it holds a paramount position in sustaining the fiscal health of the nation while driving comprehensive economic development. The Indian taxation system, rooted in the constitutional framework and refined through successive reforms like the introduction of Goods and Services Tax (GST) and periodic budget announcements, is strategically designed to accumulate vital financial resources that enable the government to meet its extensive public expenditure commitments. These resources are pivotal in addressing income inequalities by implementing progressive tax structures that impose higher rates on affluent segments, thereby facilitating wealth redistribution and social justice. Moreover, taxation contributes to economic stability by providing the government with tools to control inflation through fiscal policies, stimulate investments via incentives, and foster long-term growth by funding productive sectors. The taxes amassed are meticulously directed towards financing a multitude of essential public services, which include the development and maintenance of critical infrastructure such as national highways, metro rail systems, ports, and digital networks that enhance connectivity and boost trade; the expansion of educational facilities encompassing schools, universities, vocational training centers, and digital learning platforms to build a skilled workforce; the enhancement of healthcare infrastructure through hospitals, primary health centers, research institutions, and nationwide programs like Ayushman Bharat for universal health coverage; the fortification of defense capabilities with allocations for military modernization, border security, and cybersecurity measures; and the rollout of diverse social welfare schemes aimed at poverty eradication, such as direct benefit transfers, housing subsidies under Pradhan Mantri Awas Yojana, and nutritional support programs like Mid-Day Meal Scheme, all of which collectively aim to uplift the socio-economic fabric of the country and promote inclusive progress.

In addition, the Indian taxation landscape is broadly segmented into Direct Taxes and Indirect Taxes, each category tailored to capture revenue from different economic activities and taxpayer behaviors. Direct taxes are levied immediately on the income or wealth of individuals, partnerships, corporations, and other entities, ensuring that the liability is personal and reflective of one's financial standing, which aligns with the equity principle in taxation. Conversely, indirect taxes are imposed on transactions involving goods and services, such as value-added tax components under GST, which are often borne by consumers at the point of purchase, allowing for a wider revenue net. Among these various tax forms, income tax commands a prominent role, as it is intrinsically tied to the earning capacity of taxpayers, serving as a barometer of economic productivity and personal prosperity. With the burgeoning of business activities driven by liberalization, globalization, and digitalization—evident in the rise of startups, gig economy platforms like Uber and Swiggy, and self-employment in sectors such as IT consulting, artisanal crafts, and online retailing—individual taxpayers have emerged as a crucial and increasingly significant segment within India's tax base, contributing substantially to the exchequer and reflecting the democratization of economic participation. Hence, a profound grasp of the taxation system is indispensable for delving into the intricacies of financial performance analysis for individual income taxpayers, as it provides the contextual backdrop for evaluating their compliance, profitability trends, tax planning strategies, and overall contribution to national revenue, thereby aiding researchers, policymakers, and practitioners in making informed decisions.

3.2 Direct Taxes in India

Direct taxes constitute a category of fiscal impositions that are applied directly to the individual or organization on whom they are levied, with the key characteristic that the incidence and impact of these taxes remain with the original payer and cannot be shifted to another entity, distinguishing them from indirect taxes where the burden can be passed on. In India, the administration of direct taxes is entrusted to the Central Board of Direct Taxes (CBDT), a statutory authority functioning under the aegis of the Department of Revenue in the Ministry of Finance, which is responsible for policy formulation, implementation, taxpayer services, and enforcement actions to ensure compliance and revenue optimization.

The foremost direct tax in the Indian system is Income Tax, which is charged on the total income earned by a diverse range of assessees including salaried individuals, self-employed professionals, partnership firms, limited liability partnerships, private and public companies, and other legal entities during a financial year. Complementing income tax are other direct taxes such as corporate tax, which targets the profits of companies at rates that may include surcharges and cess for education and health; and capital gains tax, which applies to profits realized from the sale or transfer of capital assets like real estate, equities, mutual funds, or precious metals, with distinctions between short-term and long-term gains for rate applicability. These taxes are inherently progressive, meaning their rates escalate proportionally with higher income brackets—for instance, under the new tax regime, slabs range from nil up to 30% plus applicable surcharges—ensuring that those with greater financial resources contribute more, which aligns with social equity goals. Direct taxes are instrumental in upholding principles of equity and fairness in the overall taxation framework by adhering to the 'ability to pay' doctrine, where tax obligations are calibrated based on income levels, thereby aiding in the redistribution of wealth through government spending on social programs and reducing socioeconomic disparities. For individual taxpayers involved in business or professional activities—such as entrepreneurs running micro-enterprises, freelancers in creative industries, or practitioners in fields like law and medicine—income tax becomes particularly salient, as it not only affects their disposable income but also influences decisions on investments, expansions, and risk-taking, ultimately shaping their role in economic growth and societal welfare.

3.3 Meaning of Income Tax

Income tax is defined as a compulsory financial charge imposed by the central government on the aggregate income derived by individuals, Hindu Undivided Families (HUFs), associations of persons, companies, and other taxable entities over a specified accounting period, typically a financial year from April 1 to March 31. In India, the entire regime of income tax is governed by the Income-tax Act, 1961, a landmark legislation that has undergone numerous amendments to adapt to changing economic realities, and it comprehensively details the rules for the levy, methodology of computation involving deductions and exemptions, procedures for assessment including self-assessment and scrutiny, and mechanisms for collection through withholding taxes, advance payments, and final settlements.

The framework operates on the basis of the Previous Year, which is the 12-month period in which the income is actually accrued or received, and the Assessment Year, which is the subsequent year dedicated to the evaluation, verification, and taxation of that income by the Income Tax Department. The obligation to pay income tax materializes only when the total income surpasses the basic exemption limit, which varies based on age, regime choice (old or new), and other factors—for example, under the new regime for FY 2023-24, it's up to ₹3 lakh for individuals below 60 years—thus providing relief to low-income groups and encouraging compliance. As a vital component of fiscal policy, income tax enables the government to influence macroeconomic variables, such as by offering deductions for savings under Section 80C or incentives for electric vehicle purchases, thereby contributing substantially to the consolidated fund of India for developmental expenditures. For all eligible taxpayers, strict adherence to income tax laws is a legal mandate, with non-compliance attracting penalties, interest under Section 234A/B/C, or even prosecution; this necessitates meticulous computation of income to ensure accuracy and transparency. Particularly for individual taxpayers engaged in business or profession—such as shop owners, consultants, or online sellers—the income tax calculation is predominantly derived from their financial statements, where the profit and loss account delineates revenues from sales, services, or other operations minus allowable expenses like salaries, rent, and interest, while the balance sheet provides a snapshot of assets (e.g., inventory, debtors), liabilities (e.g., loans, creditors), and net worth, all of which are scrutinized for tax purposes to arrive at the taxable income after adjustments for disallowances or additions as per tax rules.

3.4 Individual Taxpayer: Meaning and Classification

Under the Income-tax Act, 1961, an individual is conceptualized as a natural person—a human being—who is obligated to pay income tax on the earnings accumulated or received during the previous year, provided such income qualifies under the Act's provisions after accounting for exemptions and deductions. This classification forms the bedrock of India's tax base, where individual taxpayers represent a substantial and diverse group, including those in formal employment with salaries from corporations or government bodies, professionals like chartered accountants, architects, or medical practitioners offering specialized services, business proprietors managing enterprises from sole proprietorships to informal ventures, and self-employed individuals in gig economy roles such as delivery personnel, content creators, or artisans.

Individuals can generate income from a variety of sources, which are aggregated to determine total taxable income: this includes salary components like basic pay, allowances, and perquisites; rental income from house property, adjusted for municipal taxes and standard deductions; profits from business or profession after expense deductions; capital gains from asset disposals, indexed for inflation in long-term cases; and other sources encompassing interest on deposits, dividends from investments, or winnings from lotteries. A considerable portion of these individuals conduct business or professional activities in their personal name without forming separate entities, which requires them to maintain systematic books of accounts—using methods like cash or accrual basis—and prepare annual financial statements to substantiate their income declarations during assessments. For taxation, individuals are further delineated by their residential status, determined by criteria such as days of stay in India (at least 182 days in the previous year for residents) or ties like citizenship, which categorizes them as Resident and Ordinarily Resident (taxed on global income), Resident but Not Ordinarily Resident (taxed on Indian income plus foreign income from Indian-controlled businesses), or Non-Resident (taxed only on Indian-sourced income). The focus of this study is on resident individual taxpayers immersed in business or professional activities, where their financial performance—measured through indicators like return on investment, liquidity ratios, and growth rates—is inextricably linked to their tax liabilities, offering a lens to examine economic vitality, compliance patterns, and contributions to fiscal revenues in a dynamic economy.

3.5 Heads of Income Applicable to Individual Taxpayers

The Income-tax Act, 1961, systematically partitions all forms of income into five distinct heads to enable a structured, logical, and equitable process for computing total income, applying relevant deductions, and ascertaining the final tax liability, thereby minimizing ambiguities and ensuring uniformity across taxpayers. This classification allows for specific rules, exemptions, and computation methods tailored to each head, facilitating easier administration and dispute resolution.

The five heads are as follows:

(i) Income from Salary, which includes all remunerations from employment such as wages, pensions, commissions, and employer-provided benefits like housing or car facilities, with deductions for standard allowance or professional tax;
(ii) Income from House Property, calculated as the annual value of owned properties minus municipal taxes, interest on home loans up to limits, and a 30% standard deduction on rental income;
(iii) Profits and Gains from Business or Profession, derived from commercial or service-oriented activities after subtracting operational expenses like raw materials, utilities, salaries, and depreciation on assets;
(iv) Income from Capital Gains, arising from the transfer of capital assets with computations involving cost of acquisition, improvement, and indexation benefits for long-term assets to account for inflation; and
(v) Income from Other Sources, a catch-all category for residual incomes such as bank interest, rental from machinery, or family pension, subject to casual income taxes where applicable.

In the realm of individual taxpayers who maintain profit and loss accounts and balance sheets—typically those in business like retailers or professionals like lawyers—the head of Profits and Gains from Business or Profession is paramount, as it involves detailed scrutiny of financial records to allow legitimate expenses (e.g., advertising, travel) and statutory adjustments (e.g., bad debt provisions under Section 36), ensuring the taxable profit reflects true economic gain. This methodical division not only promotes accuracy in tax calculations by preventing double taxation or omissions but also serves as a foundational tool for analyzing the financial performance of individual assessees, revealing insights into income diversification, expense efficiency, and overall fiscal health.

3.6 Business / Professional Income of Individual Assesses

Income derived by an individual from engaging in any trade, commercial operation, manufacturing process, or professional service—such as running a grocery store, providing legal advice, or operating a software development freelance business—is taxable under the dedicated head “Profits and Gains from Business or Profession” as stipulated in the Income-tax Act, 1961, which provides detailed guidelines for its determination to ensure fairness and prevent evasion. In India, this head is highly relevant given the vast number of individual taxpayers who opt for personal operations rather than incorporating entities, encompassing a spectrum from street vendors and small traders to high-profile consultants and influencers, all contributing to the informal and formal economy.

For computing such income, individuals are mandated to uphold proper accounting records, often using double-entry systems, and compile essential financial statements: the profit and loss account, which chronicles all inflows from sales, fees, or commissions and outflows for costs like purchases, wages, and overheads to yield net profit; and the balance sheet, which captures the financial snapshot at year-end, listing assets (current like cash and receivables, fixed like machinery), liabilities (short-term like payables, long-term like loans), and capital employed. The taxable income under this head is arrived at by adjusting the book profit—adding back disallowed expenses such as personal drawings, penalties, or excessive depreciation, and deducting allowable items like research expenditures under Section 35 or export incentives—while adhering to presumptive taxation schemes under Section 44AD/ADA for small businesses to simplify compliance. Consequently, for many individual assessees, this constitutes the principal component of their taxable income, influencing their tax slab placement, advance tax obligations, and strategic decisions like scaling operations or claiming deductions, thereby underscoring its centrality in personal financial management and national revenue mobilization.

3.7 Role of Financial Statements in Tax Computation

Financial statements serve as the cornerstone in the precise and verifiable computation of income tax for individual taxpayers actively participating in business or professional activities, offering a transparent record of economic transactions that tax authorities rely upon for assessments and audits. The profit and loss account, in particular, functions as the primary reference point, detailing revenues from core operations and subtracting direct and indirect expenses to arrive at net profit, which forms the baseline for taxable income under the business head.

Nevertheless, the net profit per accounting standards—governed by principles like accrual basis and conservatism—often diverges from taxable income due to tax-specific rules; for example, expenses like entertainment costs or donations may be partially or fully disallowed under Section 37, while incomes such as government grants might be exempt or deferred. The balance sheet complements this by furnishing detailed information on assets (e.g., plant and machinery eligible for depreciation under Section 32), liabilities (e.g., provisions for contingencies), capital infusions, and reserves, which are crucial for validating claims like additional depreciation for new assets or verifying the source of funds to avoid unexplained investment additions under Section 69. Thus, these statements not only facilitate accurate tax computations by enabling reconciliations and adjustments but also support comprehensive evaluations of tax liabilities, helping taxpayers in planning for deductions, appealing assessments, and maintaining compliance, while providing auditors with evidence to ensure the integrity of the taxation process.

3.8 Tax Compliance Requirements for Individual Taxpayers

Individual taxpayers are subject to a comprehensive set of compliance mandates under the Income-tax Act, 1961, designed to promote voluntary adherence, transparency, and efficient revenue collection while deterring malpractices through structured obligations. A fundamental requirement is the filing of the Income Tax Return (ITR) using appropriate forms like ITR-1 for simple salaries or ITR-4 for presumptive business income, submitted electronically via the e-filing portal by due dates such as July 31 for non-audit cases, with provisions for belated or revised returns under penalties.

Compliance extends to maintaining detailed books of accounts for businesses exceeding turnover thresholds (e.g., ₹25 lakh for professions), ensuring accurate income computation with supporting documents for deductions like Section 80D health insurance; paying advance tax in quarterly installments if liability exceeds ₹10,000 to avoid interest; and settling self-assessment tax dues upon filing. These protocols foster a culture of accountability, reducing the likelihood of scrutiny notices, penalties up to 300% for concealment under Section 271, interest accruals, or legal repercussions like prosecution for willful evasion. For business-oriented individual assessees, this involves precise reporting of financial metrics in schedules like BP for business income or AL for assets-liabilities, emphasizing the critical need for dependable financial statements and analytical tools to navigate complexities, ensure audit readiness, and contribute to a robust tax ecosystem.

3.9 Link Between Financial Performance and Tax Liability

There is an inherent and direct interconnection between the financial performance of a business undertaking and the resultant tax liability for individual taxpayers, where operational success metrics directly influence fiscal obligations under the progressive tax regime. Elevated profitability, driven by factors such as increased sales volumes, market expansions, or cost optimizations, typically elevates taxable income, leading to higher tax outgoes in upper slabs, potentially augmented by surcharges for high earners, thus reflecting a greater share in national revenue.

Inversely, subdued performance marked by losses or inefficiencies can lower tax burdens through carry-forward provisions under Section 72, allowing offsets against future profits, though subject to time limits. Concurrently, tax laws reciprocally shape financial outcomes by permitting deductions for business expenses, accelerated depreciation on eco-friendly assets, or incentives like Section 80JJAA for employment generation, which can improve net profits and cash flows. Examining financial performance longitudinally—via ratios like gross profit margin, return on assets, or debt-equity—unveils patterns in income volatility, growth sustainability, and compliance consistency, such as timely filings or accurate declarations. Therefore, this analysis is vital for assessing the tax-paying aptitude and economic robustness of individual taxpayers, informing strategies for optimization, risk management, and policy advocacy to balance growth with fiscal responsibilities.

3.10 Profile of the Businessmen (Taxpayers) and their Business Practices

This chapter presents the profiles of selected businessmen (taxpayers) operating in **Brahmapur City**, Odisha, focusing on their individual businesses and associated practices. The businesses under review span multiple industries, including retail, manufacturing, and service sectors. Each businessman brings a unique approach to business operations, profitability, and tax compliance, shaped by industry dynamics, local market conditions, and personal management strategies. Understanding these practices is crucial for analyzing the relationship between financial performance and income tax obligations, as well as for evaluating the overall contribution of these businesses to the local economy.

a) Mr. Patro (Green Veg - Retail Trading)

Mr. Patro operates a retail trading business in **green vegetables**, a vital part of the daily food consumption chain in **Brahmapur City**. His business has been running for over a decade, supplying fresh vegetables to local markets and retail outlets. As a low-margin, high-volume business, **Mr. Patro** faces the continuous challenge of managing supply chains, inventory turnover, and maintaining the freshness of perishable goods. Over the years, his business has established strong relationships with local farmers and wholesalers, ensuring a consistent supply of quality vegetables. Despite operating in a competitive environment with fluctuating demand, **Mr. Patro** has managed to expand his operations by diversifying into additional services, such as home delivery, targeting urban consumers who prefer convenience over visiting the local markets.

b) N Printers (Printing Press)

N Printers, established by **Mr. Rath**, is a well-regarded **printing press** business serving the local community in **Brahmapur City**. The business focuses on digital and offset printing, catering to the demand for printed materials such as business cards, brochures, and stationery. Over the years, **N Printers** has built a solid reputation for quality and reliability, making it one of the go-to sources for small businesses and individuals in the region. The printing industry is capital-intensive, with high fixed costs due to expensive printing equipment, maintenance, and labor.

c) A Pvt. Ltd. (Corrugated Boxes & Card Board Manufacturing)

A Pvt. Ltd. is a significant player in the **corrugated boxes and card board manufacturing** sector in **Brahmapur City**, specializing in the production of packaging materials used by various industries. The demand for corrugated boxes has surged in recent years, particularly in sectors like e-commerce, retail, and manufacturing, where packaging is crucial for the safe transport of goods. **A Pvt. Ltd.** has capitalized on this trend by continuously upgrading its production capabilities and expanding its market reach. The company has a diversified customer base, including small retailers, industrial goods manufacturers, and wholesalers.

d) K Enterprises (FMCG Goods Trading)

K Enterprises is involved in the trading of **Fast-Moving Consumer Goods (FMCG)**, primarily focusing on products like snacks, toiletries, and household goods. The FMCG sector in **Brahmapur City** is highly competitive, with numerous wholesalers and retailers vying for market share. However, **K Enterprises** has managed to carve out a niche by offering a wide range of products at competitive prices, supported by an efficient supply chain network. The company's business practices are centered around establishing relationships with local suppliers and maintaining a streamlined distribution system to ensure that products are readily available to retailers and consumers alike.

e) N Fency (Shoe Retail)

N Fency is a **shoe retail** business that caters to the diverse footwear needs of consumers in **Brahmapur City**. The retail market for footwear is competitive, with national brands alongside local sellers, but **N Fency** has established itself as a trusted brand by offering a mix of fashionable and affordable shoes. The business operates through a single retail outlet and has expanded its product offerings to include seasonal footwear for festivals and special occasions. Over the years, the company has developed a loyal customer base, and its business practices are focused on ensuring product variety and maintaining a high level of customer service.

f) G Suppliers (Ghee Trading)

G Suppliers specializes in the retail trading of **ghee** and other dairy products in **Brahmapur City**, a sector that benefits from a traditional consumer base that values locally produced food items. The business has steadily increased its market presence by offering high-quality, locally sourced ghee, often preferred by consumers for its purity and taste. The company's success lies in its strong relationships with local dairy farms and its ability to provide consistent supply, despite the seasonal fluctuations in dairy production.

g) Mrs. Tripathy (Yoga & Tuition Services)

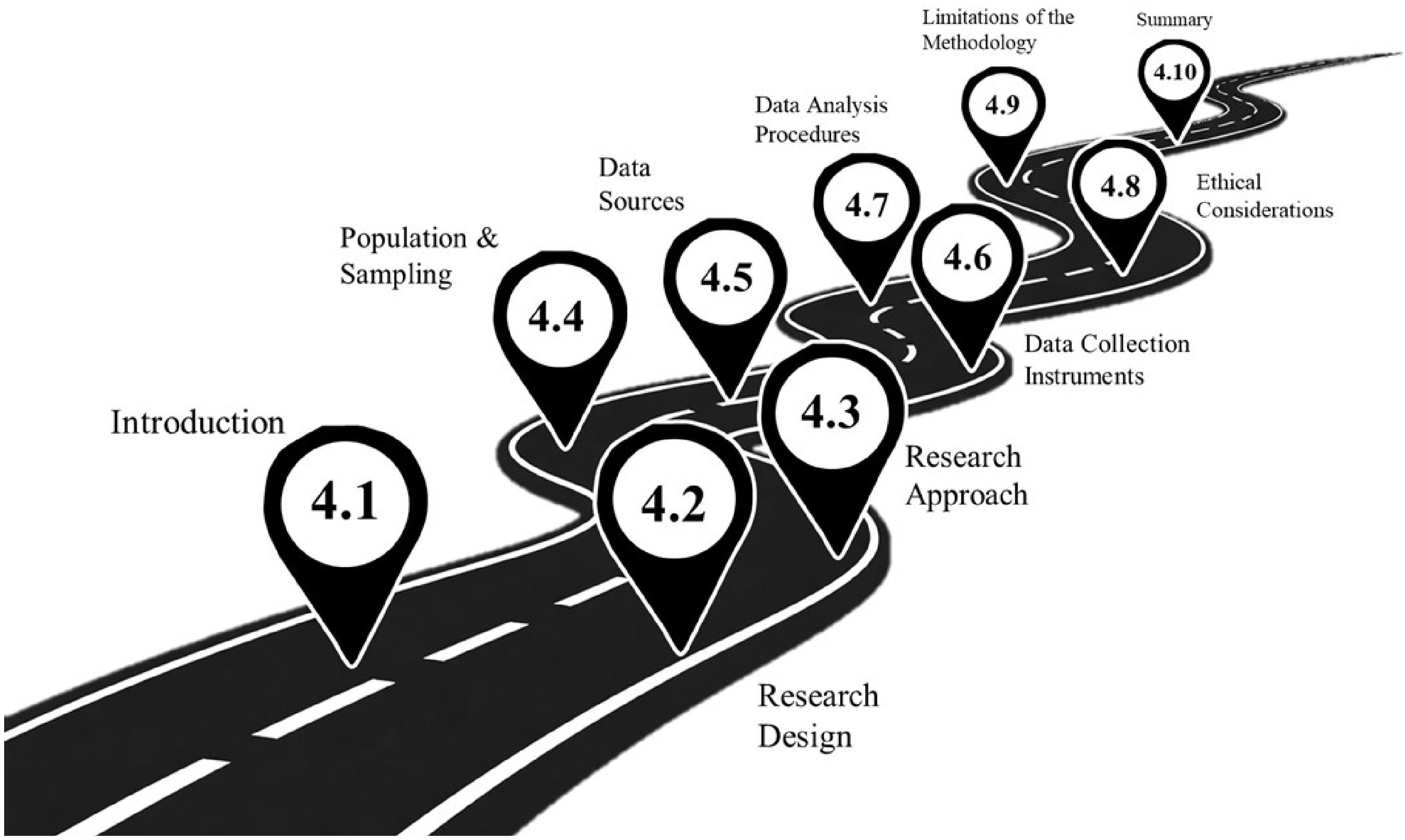
Mrs. Tripathy operates a **yoga and tuition business**, offering personalized yoga sessions and academic tutoring. The service-based nature of the business allows **Mrs. Tripathy** to maintain relatively low overhead costs compared to product-based businesses. However, this business is highly dependent on **client retention** and **service delivery**, with much of its revenue coming from repeat clients and referrals. Over the years, the business has expanded its client base by diversifying into related areas such as fitness coaching and dietary counseling, aiming to capture the growing interest in health and wellness.

3.11 Conclusion

This chapter has furnished a thorough and multifaceted overview of the Indian taxation system, with a concentrated lens on its ramifications for individual taxpayers, elucidating core principles, operational mechanics, and interconnections that underpin fiscal governance. It has expounded on the essence of income tax as a direct, progressive levy, the methodical classification of income into heads for streamlined computation, and the nuanced taxation of business or professional income for individuals, incorporating real-world applications and regulatory nuances.

Furthermore, the chapter has accentuated the indispensable role of financial statements in underpinning tax calculations through detailed reconciliations and the stringent compliance requirements that mandate timely actions to uphold system integrity. By articulating the symbiotic relationship between financial performance indicators and tax liabilities—highlighting how profitability drives taxes while provisions influence finances—this chapter establishes a solid theoretical and practical foundation for empirical scrutiny of selected individual income taxpayers' data, encompassing metrics like trend analysis and ratio evaluations. The conceptual framework developed herein is instrumental in supporting the in-depth financial performance analyses, interpretations of trends, and derivations of insights presented in the ensuing chapters, ultimately contributing to broader understandings of taxpayer dynamics and policy enhancements.

CHAPTER 4
RESEARCH METHODOLOGY



CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

Methodology is the backbone of empirical research; it determines the rigor, reliability, and validity of findings. In this study, the research methodology is constructed to comprehensively examine the **financial performance and tax compliance behaviour** of selected income taxpayers (businessmen) in **Brahmapur City**. The primary aim of this chapter is to articulate how the research was systematically planned, executed, and analysed. The methodological framework is grounded in both *quantitative financial analysis* and *qualitative understanding of contextual behaviour* of taxpayers, ensuring that analytical precision is paired with human-centred insights. Given the complexity of financial decision-making and tax reporting practices among small and medium businesses, the methodology adopts a **mixed-methods approach** to capture both numerical trends and socio-economic interpretations.

4.2 Research Design

This research employs a **descriptive-analytical research design** with a strong emphasis on longitudinal financial comparison and behavioural inquiry. The design facilitates:

1. **Quantification of financial performance** over three financial years—2022-23, 2023-24, and 2024-25.
2. **Examination of trends**, patterns, and discrepancies between reported tax payments and actual business performance.
3. **Interpretation of underlying factors** affecting tax compliance within contextual business practices.

The descriptive component enables systematic documentation of financial records through tools such as ratio analysis and trend comparison, while the analytical component interprets how these metrics relate to tax behaviour.

A **humanitarian lens** is embedded throughout to ensure that the lived realities of businessmen—their challenges, motivations, and adaptive strategies—are not overlooked in the quest for numerical accuracy.

4.3 Research Approach

A **mixed-methods approach** is adopted, integrating quantitative techniques with qualitative insights:

- The **quantitative approach** focuses on financial statement analysis, ratio computation, correlation measures, and SPSS-assisted inferential statistics.
- The **qualitative approach** uses *open-ended interviews* and *observational narratives* to contextualise financial behaviour, particularly around tax compliance attitudes and practices.

This combined approach allows the research not only to quantify financial performance metrics but also to interpret the human and institutional factors that shape how taxpayers report income and engage with the tax system.

4.4 Population and Sampling

4.4.1 Target Population

The population for this study comprises **businessmen in Brahmapur City** who are registered as **income taxpayers under the Indian income tax system**. The target population includes proprietors, partners, and self-employed individuals across diverse industries such as retail, manufacturing, printing, FMCG trading, and services (e.g., yoga and tuition).

4.4.2 Sampling Frame

Given the absence of a fully digitised registry accessible through public government portals, the sampling frame was constructed using a **combination of local trade associations, municipal business registers, and state tax department records**. These sources provided a list of operational businesses with valid income tax registration and active tax filing status.

4.4.3 Sampling Technique

A **purposive stratified sampling technique** was employed to ensure representation across industries and business models. Businesses were stratified into categories based on industry type (e.g., retail, manufacturing, service) and then purposively sampled based on:

- Consistent operation during the three financial years under study.
- Availability of complete financial records for 2022-23, 2023-24, and 2024-25.

- Willingness to participate and share data under conditions of confidentiality.

The following seven taxpayers were selected:

1. **Mr. Patro (Green Vegetable Retail Trading)**
2. **N Printers (Printing Press)**
3. **A Pvt. Ltd. (Corrugated Boxes Manufacturing)**
4. **K Enterprises (FMCG Goods Trading)**
5. **N Fency (Shoe Retail)**
6. **G Suppliers (Ghee Trading)**
7. **Mrs. Tripathy (Yoga & Tuition Services)**

These businesses collectively represent a broad economic cross-section of Brahmapur's small and medium business environment.

4.5 Data Sources

To ensure robust data analysis, the study utilised **secondary data**. Secondary data comprise authentic financial documents and records over three financial years:

- **Audited Financial Statements** (where available).
- **Income Tax Returns (ITR) Documents**.
- **Profit & Loss Statements**.
- **Balance Sheets**.
- **Cash Flow Statements**.

These were sourced from the businesses directly under conditions of confidentiality, as well as from official municipal records with appropriate permissions.

4.6 Data Collection Instruments

Several instruments were deployed to ensure comprehensive data collection:

4.6.1 Financial Data Extraction Sheet

A structured template was developed to systematically extract figures from financial statements, ensuring consistency in recording:

- Total Revenue & Sales
- Purchases & Direct Costs
- Gross and Net Profit
- Assets and Liabilities
- Cash Flows and Depreciation

4.6.2 Interview Protocol

A semi-structured interview guide facilitated in-depth conversations with entrepreneurs. Questions focused on:

- Business origin and growth history
- Financial record-keeping processes
- Perceptions of tax compliance barriers
- Knowledge and application of tax regulations

4.7 Data Analysis Procedures

Data analysis was conducted in two major phases—**quantitative analysis** and **qualitative interpretation**—each aligned with the research objectives.

4.7.1 Quantitative Analysis

Quantitative analysis used appropriate financial metrics, trend comparisons, and statistical techniques, including:

a) Ratio Analysis

Financial ratios were computed to measure:

- **Profitability:** Net profit margin, gross profit margin, return on assets (ROA).
- **Liquidity:** Current ratio, quick ratio.
- **Solvency:** Debt-to-equity ratio.
- **Efficiency:** Asset turnover and cash conversion cycle (where possible).

These ratios helped benchmark financial health across businesses and over time.

b) SPSS Statistics

Statistical Package for Social Sciences (**SPSS**) was used for:

- **Correlation Analysis:** To assess relationships between sales and net profit.
- **Trend Analysis:** To identify patterns across three financial years.
- **Descriptive Statistics:** Mean, standard deviation and other measures to summarise overall performance indicators.

The use of SPSS ensured analytical rigour and replicability.

c) Comparative Analysis

Data were compared across:

- Financial Years (2022-23, 2023-24, 2024-25)
- Business Categories
- Tax Compliance Behaviour

Cross-tabulations and comparative charts were constructed to present findings in an accessible format.

4.7.2 Qualitative Analysis

Qualitative data from interviews and observations were analysed using:

- **Thematic Coding:** Identifying recurring themes related to tax attitudes, record-keeping challenges, and compliance strategies.
- **Narrative Analysis:** Understanding personal and socio-economic drivers behind reporting behaviour.
- **Contextual Interpretation:** Linking financial data trends to real-life business practices and taxpayer perceptions.

This ensured that the study did not reduce human agency to mere numbers but appreciated lived experiences.

4.8 Ethical Considerations

Given the sensitivity associated with financial data and tax practices, ethical standards were strictly upheld:

- **Informed Consent:** All participants were informed about the purpose of the study, confidentiality measures, and use of data.
- **Anonymity Assurance:** Identifying information was anonymised in published findings.
- **Data Protection:** All financial documents were stored in secure systems with restricted access.
- **Voluntary Participation:** Respondents could opt out at any stage without penalty.

These ethical protocols reflect respect for participants' rights and uphold academic integrity.

4.9 Limitations of the Methodology

While the methodology was thoughtfully constructed, it is important to recognise limitations:

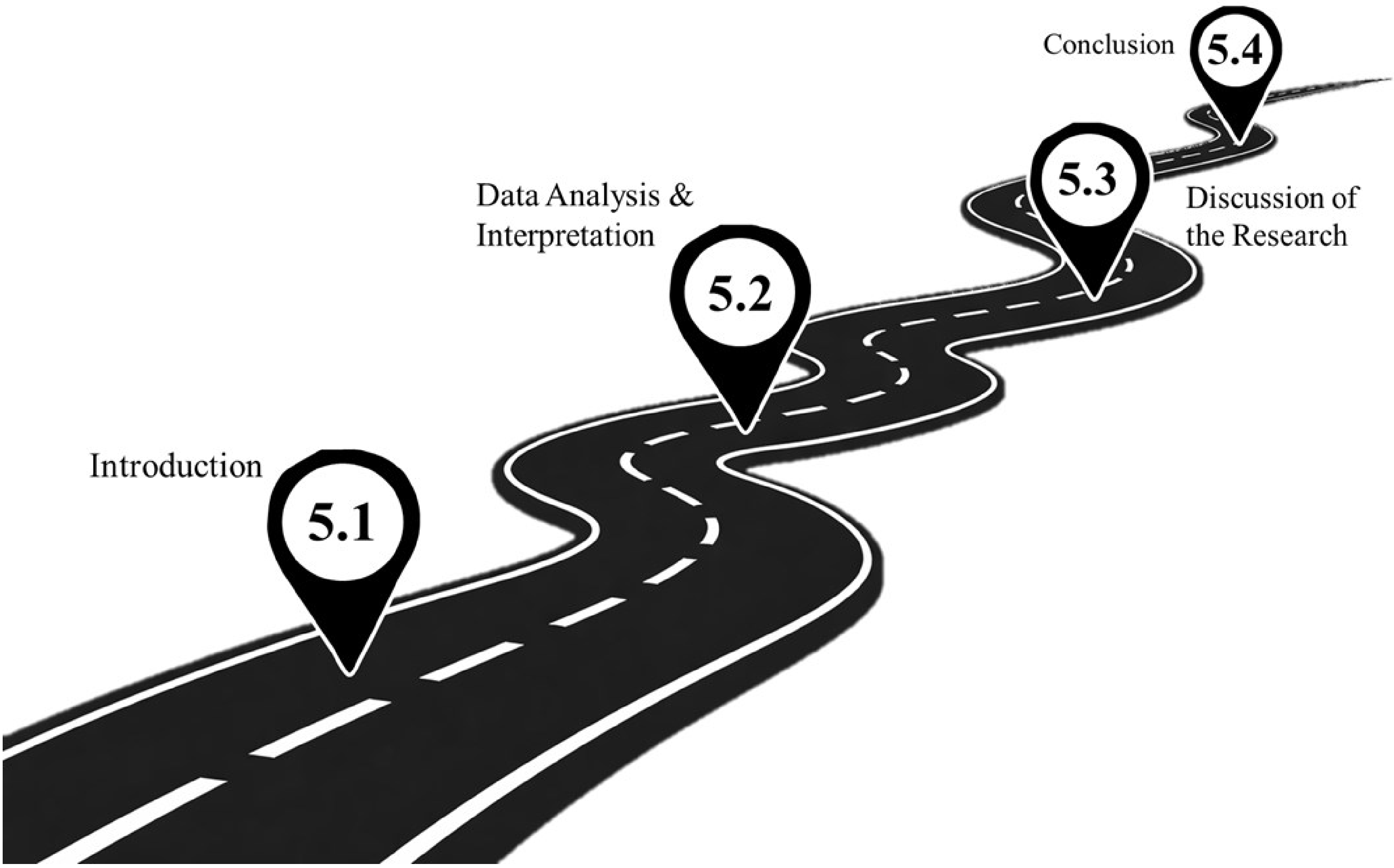
- **Sample Size:** Restricted to seven businesses due to practical constraints, which may limit generalisability.
- **Self-Reported Data:** Some qualitative insights are based on self-reporting, which may be subject to respondent bias.
- **Access to Records:** Limited access to fully audited accounts for some firms constrained precise financial computation.

Despite these limitations, methodological triangulation enhances credibility, ensuring findings are robust and meaningful.

4.10 Summary

The methodology outlined in this chapter provides a structured, systematic, and ethically grounded framework for examining financial performance and tax compliance among income taxpayers in Brahmapur City. By combining quantitative financial analysis with qualitative insights into business practices and perceptions, the research achieves both analytical precision and empathetic understanding of human realities.

CHAPTER 5
DATA ANALYSIS AND INTERPRETATION



CHAPTER 5: DATA ANALYSIS & INTERPRETATION

5.1 Introduction

Chapter 5 presents a comprehensive analysis and interpretation of the data collected from the financial statements, tax records, and interviews with income taxpayers (businessmen) in **Brahmapur City**. This chapter delves into the financial performance of the selected businesses, employing key financial metrics such as profitability, liquidity, and solvency ratios to evaluate the businesses' overall economic health. Through both **quantitative analysis** and **qualitative insights**, this chapter aims to identify trends, discrepancies, and factors that influence tax reporting behaviours. The goal is to not only quantify the financial performance of each business but also to explore how socio-economic and operational factors contribute to tax compliance and non-compliance among entrepreneurs. The following analysis presents the results of various financial ratios and correlations, providing an in-depth understanding of the dynamics at play in the local business environment and their implications for tax policy and financial reporting practices.

5.2 Data Analysis and Interpretation

Table 5.2.1: Sales and Purchase Comparison (2022-2025)

Business Name	Sales (2022-23)	Sales (2023-24)	Sales (2024-25)	Purchases (2022-23)	Purchases (2023-24)	Purchases (2024-25)
Mr. Patro (Green Veg Retail)	30,55,300	35,60,700	38,20,700	24,36,240	24,21,420	26,12,210
N Printers (Printing Press)	25,24,500	49,01,390	37,47,510	33,30,670	54,96,600	36,08,660
A Pvt. Ltd. (Corrugated Boxes)	51,41,43,000	45,29,21,600	55,23,64,500	45,73,13,500	39,56,92,500	47,07,20,700
K Enterprises (FMCG)	2,48,35,570	2,58,68,350	3,00,48,300	2,28,17,150	2,29,48,800	2,60,96,780
N Fency (Shoe Retail)	39,30,800	1,00,96,250	1,35,38,500	33,34,600	1,03,73,390	1,34,11,000
G Suppliers (Ghee Trading)	1,88,50,350	1,14,89,810	1,20,44,520	1,61,33,910	1,08,95,850	98,67,380
Mrs. Tripathy (Yoga & Tution)	14,63,200	18,30,200	19,20,700	-	-	-

Figure 5.2.1(a): Sales and Purchases Trend of A Pvt. Ltd. (Corrugated Boxes) (2022-25)

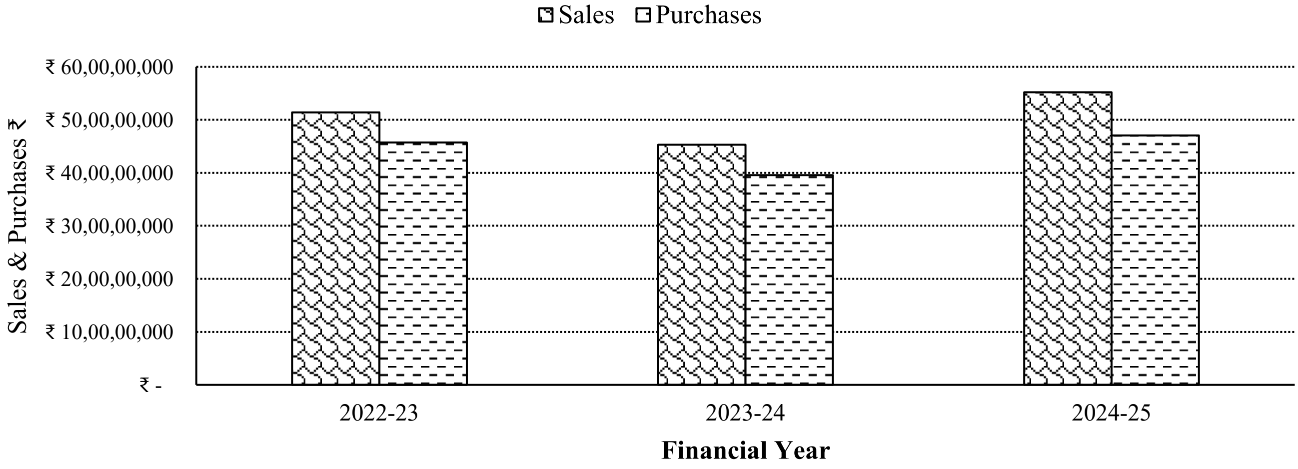


Figure 5.2.1(b): Sales Trend of Sole Proprietorship Businesses (2022–25)

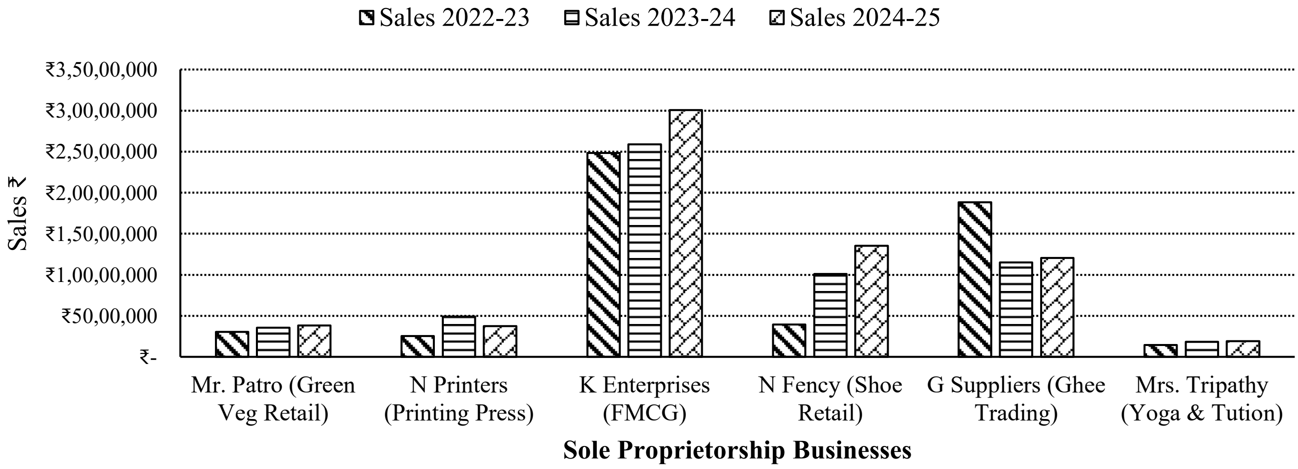


Figure 5.2.1(c): Purchases Trend of Sole Proprietorship Businesses (2022-25)

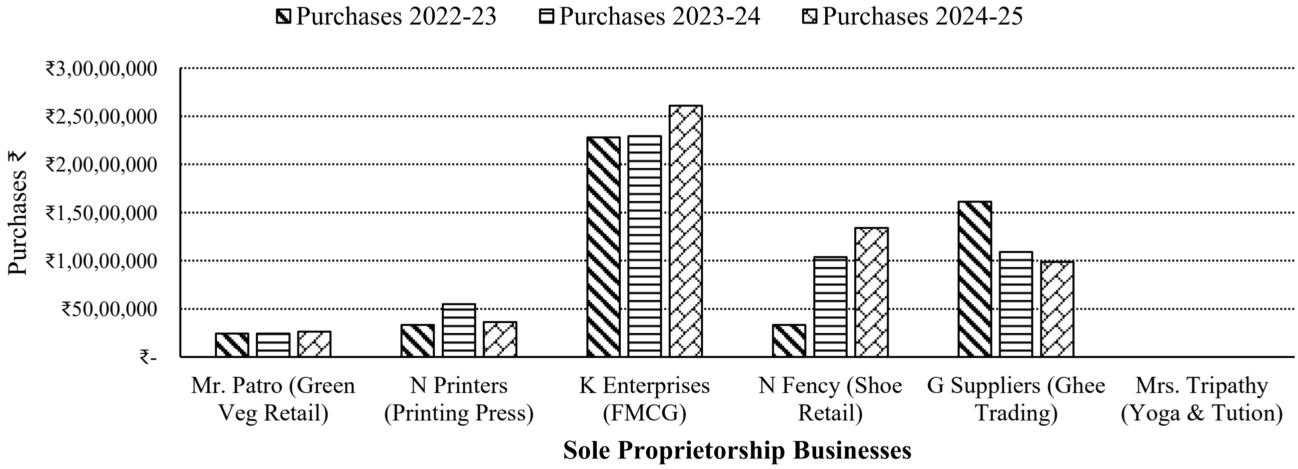


Table 5.2.1 represents the comparative position of sales and purchases of selected income taxpayers for the period 2022–23 to 2024–25. The table provides a clear view of operational scale, growth pattern, and cost structure of different businesses across three consecutive years. Mr. Patro (Green Veg Retail) shows a consistent increase in sales from ₹30.55 lakh in 2022–23 to ₹38.21 lakh in 2024–25, while purchases also rise moderately, indicating stable expansion with controlled procurement costs. N Printers records a sharp jump in sales in 2023–24 followed by a decline in 2024–25, whereas purchases remain relatively high, suggesting possible margin pressure or demand fluctuation. A Pvt. Ltd. (Corrugated Boxes) exhibits high-volume operations with sales consistently exceeding ₹45 crore and a noticeable rise in 2024–25; purchases remain substantial but comparatively lower than sales, reflecting economies of scale and efficient cost management. K Enterprises (FMCG) shows steady growth in both sales and purchases, indicating balanced business expansion. N Fency (Shoe Retail) records significant growth in sales over the period, but the sharp increase in purchases, particularly in 2024–25, may indicate higher inventory buildup or increased cost of goods. G Suppliers (Ghee Trading) shows fluctuating sales with a decline in 2023–24, while purchases reduce steadily, reflecting cost rationalisation. Mrs. Tripathy (Yoga & Tuition) reports rising sales with no purchase figures, highlighting a service-based model with negligible direct purchase costs. Overall, the table reflects varied business models and reveals how the relationship between sales and purchases influences profitability and operational efficiency.

Table 5.2.2: Gross Profit & Gross Profit Margin Comparison (2022-2025)

Business Name	Gross Profit (2022-23)	Gross Profit (2023-24)	Gross Profit (2024-25)	GP Margins (2022-23)	GP Margins (2023-24)	GP Margins (2024-25)
Mr. Patro (Green Veg Retail)	6,11,060	11,26,960	11,94,590	20.00%	31.65%	31.27%
N Printers (Printing Press)	5,04,900	9,80,280	7,86,980	20.00%	20.00%	21.00%
A Pvt. Ltd. (Corrugated Boxes)	1,54,30,700	1,36,88,100	2,08,76,800	3.00%	3.02%	3.78%
K Enterprises (FMCG)	11,68,750	28,91,480	47,94,350	4.71%	11.18%	15.96%
N Fency (Shoe Retail)	9,82,700	10,09,630	13,53,850	25.00%	10.00%	10.00%
G Suppliers (Ghee Trading)	13,19,520	10,50,840	14,45,340	7.00%	9.15%	12.00%
Mrs. Tripathy (Yoga & Tution)	14,63,200	18,30,200	19,20,700	100.00%	100.00%	100.00%

Figure 5.2.2(a): Gross Profit Trend of A Pvt. Ltd. (Corrugated Boxes) (2022-25)

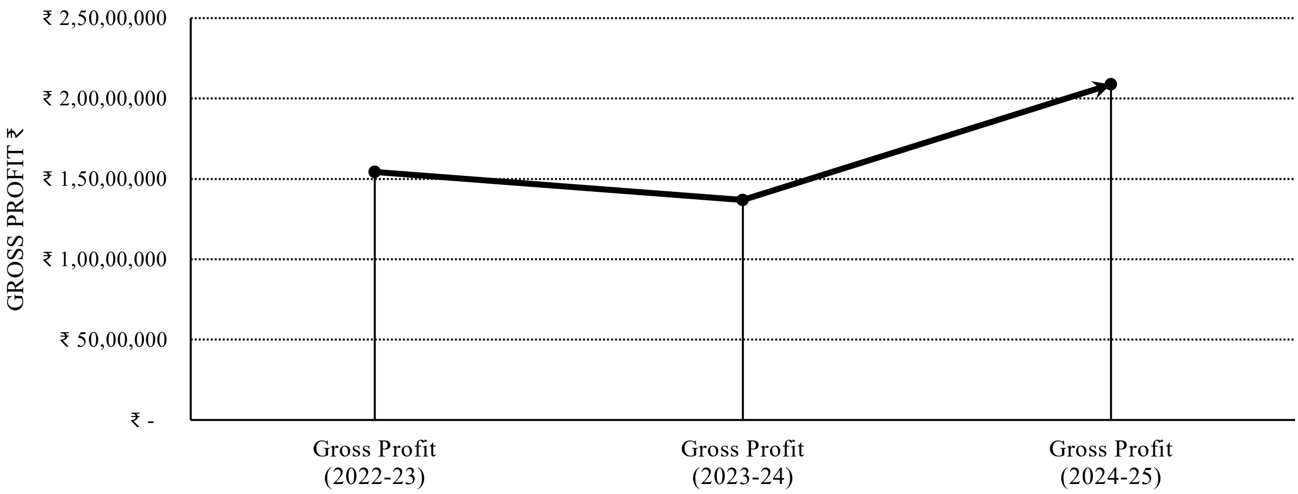


Figure 5.2.2(b): Gross Profit Trend of Sole Proprietorship Businesses (2022-25)

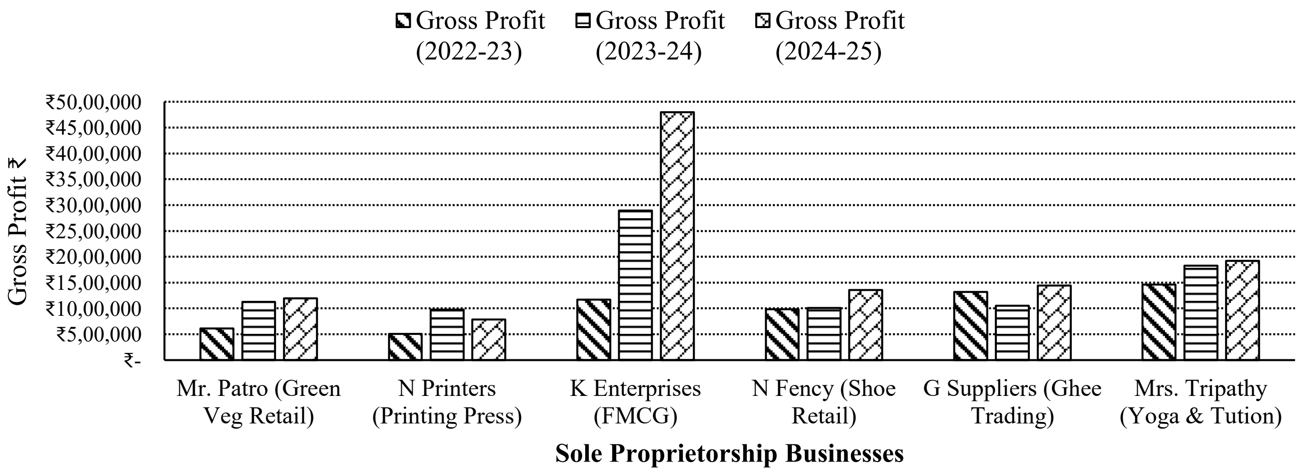


Figure 5.2.2(c): Trend of Gross Profit Margin (2022-25)

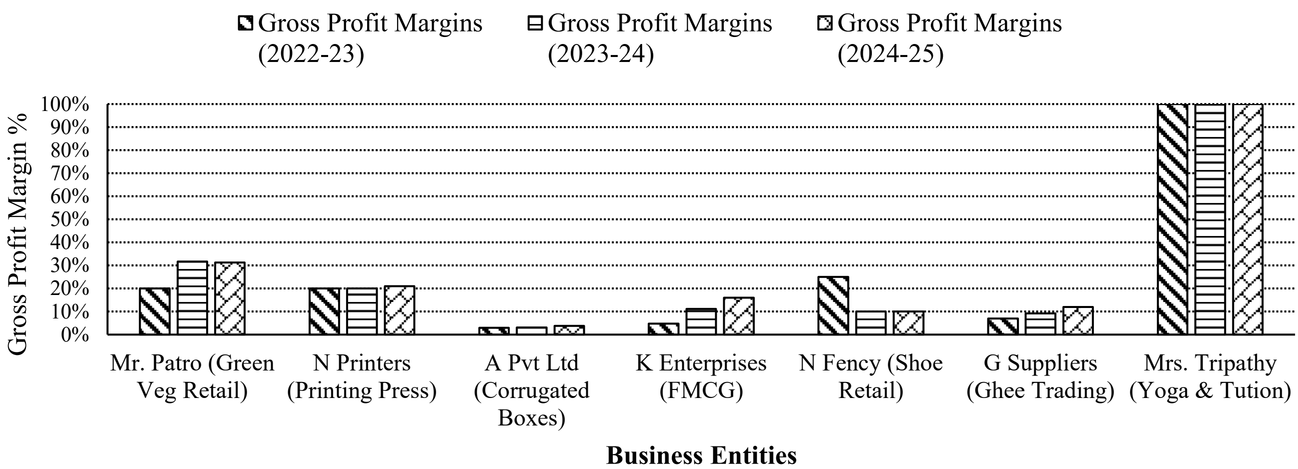


Table 5.2.2 represents the comparative position of gross profit and gross profit margins of selected income taxpayers for the period 2022–23 to 2024–25. The table highlights differences in profitability levels and operational efficiency across businesses with varying scales and business models. Mr. Patro (Green Veg Retail) shows a substantial improvement in gross profit from ₹6.11 lakh in 2022–23 to ₹11.95 lakh in 2024–25, along with a significant rise in gross profit margin from 20% to above 31%, indicating better pricing power and improved cost control. N Printers (Printing Press) maintains relatively stable margins around 20–21%, with fluctuations in gross profit reflecting changes in sales volume rather than efficiency. A Pvt. Ltd. (Corrugated Boxes), despite operating at a very large scale, records low but gradually improving margins from 3.00% to 3.78%, which is typical of high-volume manufacturing businesses where profits depend on turnover rather than high margins. K Enterprises (FMCG) exhibits a strong upward trend in both gross profit and margin, increasing from 4.71% to 15.96%, suggesting improved procurement efficiency and better margin management. N Fency (Shoe Retail) shows rising gross profit in absolute terms, but margins decline from 25% to 10%, indicating increased purchase costs or competitive pricing pressure. G Suppliers (Ghee Trading) reflects moderate but improving margins over the years, pointing towards enhanced trading efficiency. Mrs. Tripathy (Yoga & Tuition) consistently reports a 100% gross profit margin, highlighting the service-oriented nature of the activity with negligible direct costs. Overall, the table reveals that while manufacturing and trading businesses operate on lower margins, service and retail activities tend to achieve higher gross profit margins, emphasizing the impact of business nature on profitability.

Table 5.2.3: Net Profit Comparison (2022-2025)

Business Name	Net Profit (2022-23)	Net Profit (2023-24)	Net Profit (2024-25)
Mr. Patro (Green Veg Retail)	2,44,424	7,09,780	7,83,560
N Printers (Printing Press)	25,250	61,270	63,700
A Pvt. Ltd. (Corrugated Boxes)	1,11,94,930	92,72,080	1,44,27,640
K Enterprises (FMCG)	6,45,730	6,98,450	8,26,330
N Fency (Shoe Retail)	5,35,700	8,50,700	6,95,700
G Suppliers (Ghee Trading)	7,54,010	5,17,070	6,02,230
Mrs. Tripathy (Yoga & Tution)	4,95,700	6,05,200	6,22,700

Figure 5.2.3(a): Net Profit Trend of A Pvt. Ltd. (Corrugated Boxes) (2022-25)

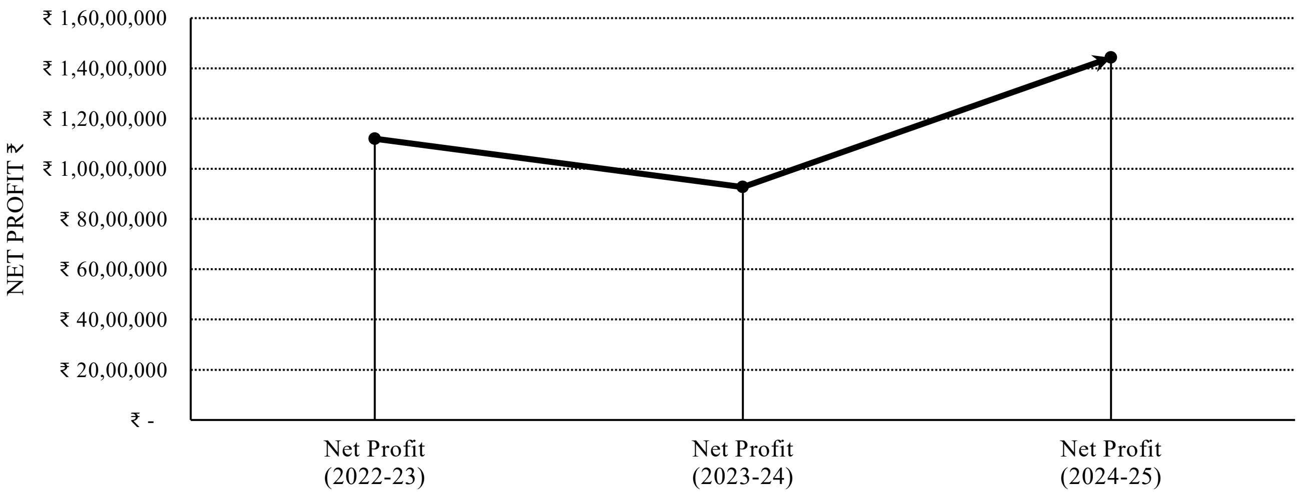


Figure 5.2.3(b): Net Profit Trend of Sole Proprietor Businesses (2022-25)

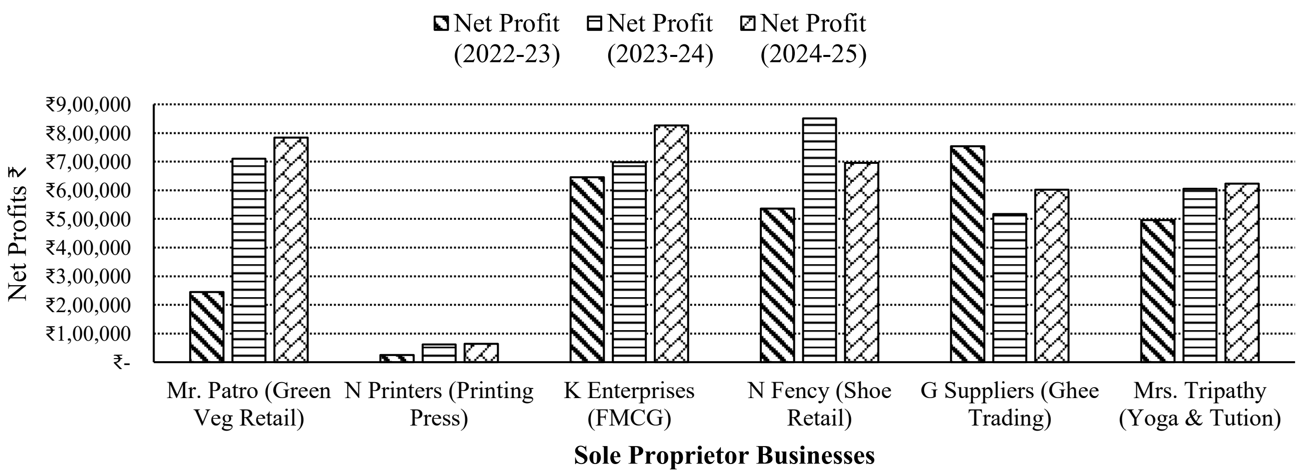


Table 5.2.3 represents the comparative position of net profit of selected income taxpayers for the period 2022–23 to 2024–25. The table highlights the final profitability performance of different businesses after accounting for all operating and non-operating expenses. Mr. Patro (Green Veg Retail) shows a significant and consistent improvement in net profit, rising from ₹2.44 lakh in 2022–23 to ₹7.84 lakh in 2024–25, indicating strong growth in operational efficiency and better cost control over the years. N Printers (Printing Press) reports relatively low net profit figures, though a gradual increase is observed from ₹25,250 to ₹63,700, suggesting marginal improvement but continued pressure on margins. A Pvt. Ltd. (Corrugated Boxes), despite operating on a very large scale, records fluctuating net profit, with a decline in 2023–24 followed by a sharp rise to ₹14.43 lakh in 2024–25, reflecting sensitivity of manufacturing profits to cost structures and market conditions. K Enterprises (FMCG) demonstrates steady growth in net profit across the period, indicating stable demand and controlled operating expenses. N Fency (Shoe Retail) shows

an increase in net profit up to 2023–24 followed by a slight decline in 2024–25, possibly due to higher operating or procurement costs. G Suppliers (Ghee Trading) records fluctuating profits, reflecting volatility in trading margins. Mrs. Tripathy (Yoga & Tuition) exhibits consistent growth in net profit, highlighting the stability and low-cost nature of service-oriented activities. Overall, the table reveals that while large-scale manufacturing generates higher absolute profits, retail and service businesses often show more consistent and stable profitability trends.

Table 5.2.4: Asset and Liability Growth Comparison (2022-2025)

Business Name	Total Asset (2022-23)	Total Liability (2022-23)	Total Asset (2023-24)	Total Liability (2023-24)	Total Asset (2024-25)	Total Liability (2024-25)
Mr. Patro (Green Veg Retail)	85,36,520	14,42,980	68,35,850	11,73,940	69,71,770	9,11,070
N Printers (Printing Press)	61,29,520	43,96,860	75,43,330	48,81,490	80,86,630	39,81,670
A Pvt. Ltd. (Corrugated Boxes)	20,59,13,500	15,44,40,600	23,27,24,330	17,19,79,300	24,25,90,030	16,74,17,500
K Enterprises (FMCG)	84,92,550	41,68,060	1,57,91,450	1,21,26,800	1,62,00,110	1,33,82,580
N Fency (Shoe Retail)	16,90,420	2,91,820	35,05,290	15,03,630	47,65,400	24,18,040
G Suppliers (Ghee Trading)	1,60,51,570	1,18,98,370	1,67,70,880	1,20,44,260	1,65,67,450	1,17,25,230
Mrs. Tripathy (Yoga & Tution)	3,82,670	32,470	33,00,510	32,470	21,35,150	45,040

Figure 5.2.4(a): Asset & Liability Growth Trend of A Pvt. Ltd. (2022–25)

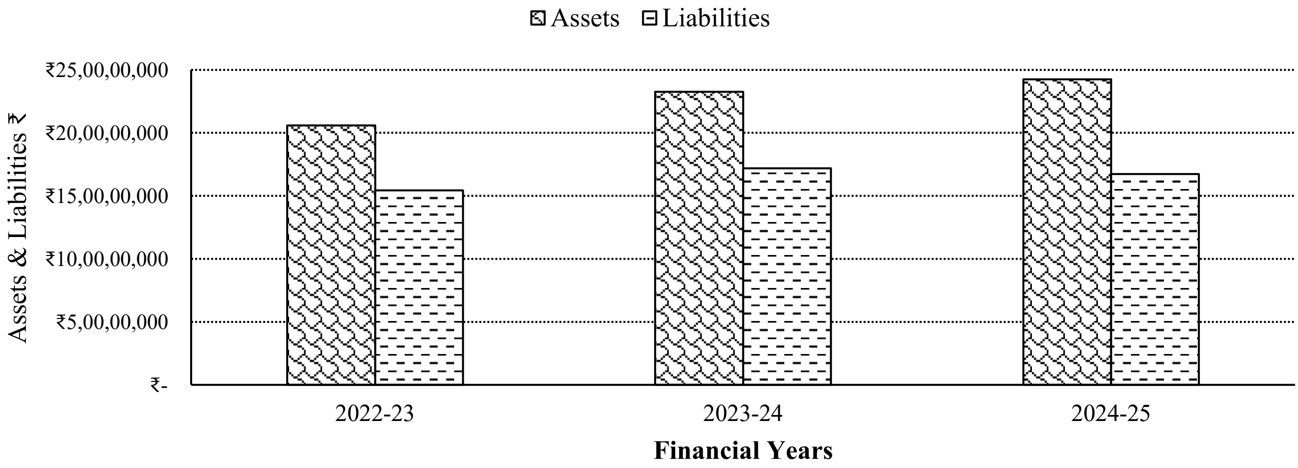


Figure 5.2.4(b): Asset Growth Trend of Sole Proprietor Businesses (2022–25)

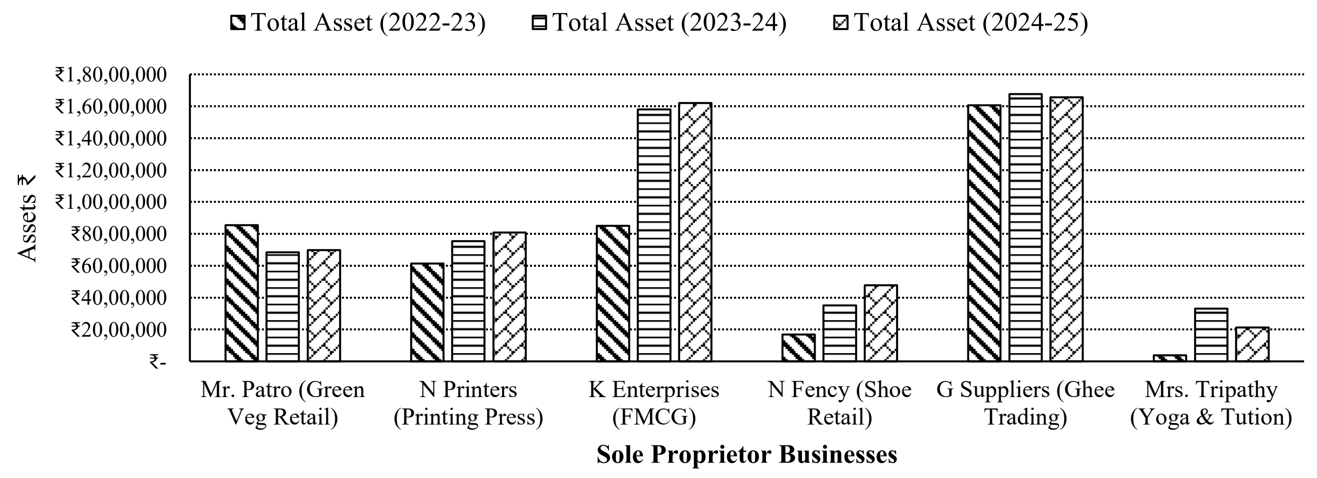


Figure 5.2.4(c): Liability Growth Trend of Sole Proprietor Businesses (2022–25)

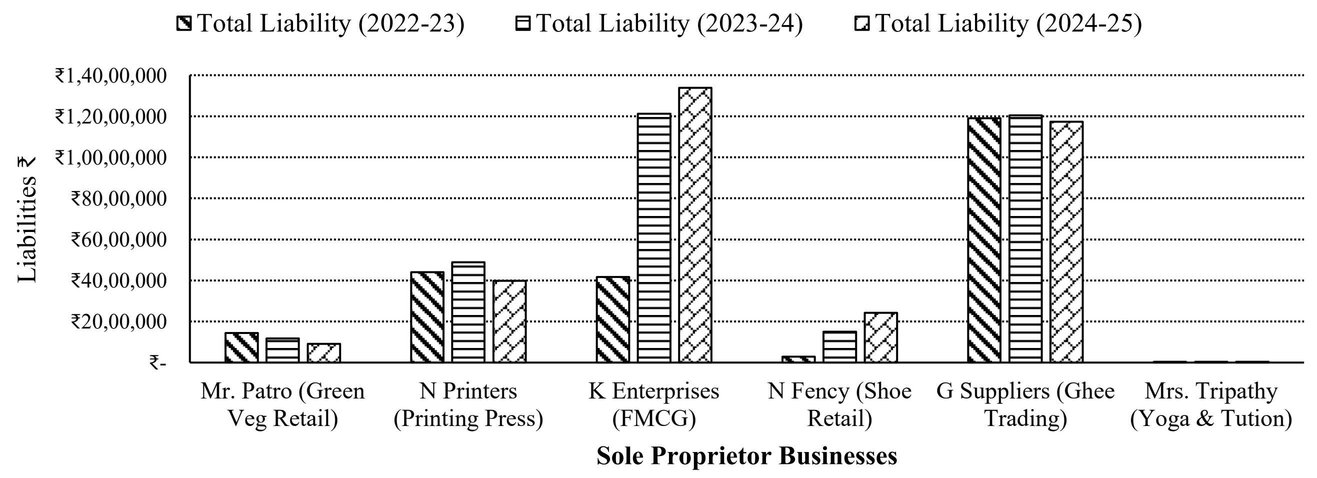


Table 5.2.4 represents the comparative growth pattern of total assets and total liabilities of selected income taxpayers for the period 2022–23 to 2024–25. The table provides insight into the financial structure, leverage position, and expansion strategy adopted by different businesses over the study period. Mr. Patro (Green Veg Retail) shows a decline in total assets in 2023–24 followed by a marginal recovery in 2024–25, while total liabilities consistently decrease, indicating gradual strengthening of the capital structure and reduced dependence on borrowed funds. N Printers (Printing Press) records a steady increase in both assets and liabilities, reflecting business expansion supported largely through external financing. A Pvt. Ltd. (Corrugated Boxes), being a large-scale manufacturing entity, exhibits substantial growth in total assets across the years, accompanied by rising liabilities, suggesting aggressive expansion financed through a mix of internal accruals and borrowings. K Enterprises (FMCG) shows a consistent increase in assets with comparatively moderate growth in liabilities, indicating balanced financial growth

and prudent leverage management. N Fency (Shoe Retail) reports a sharp rise in assets along with increasing liabilities, highlighting business expansion possibly driven by inventory buildup and credit financing. G Suppliers (Ghee Trading) maintains relatively stable asset levels with marginal fluctuations, while liabilities remain high, reflecting the working-capital-intensive nature of trading activities. Mrs. Tripathy (Yoga & Tuition) shows low asset and liability figures with minor variations, consistent with a service-oriented model requiring minimal capital investment. Overall, the table reveals diverse asset–liability structures across businesses, indicating that growth strategies and financing patterns vary significantly depending on the nature and scale of operations.

Table 5.2.5: Debt to Equity Ratio Comparison (2022-2025)

Business Name	Debt (2022-23)	Equity (2022-23)	D/E Ratio (2022-23)	Debt (2023-24)	Equity (2023-24)	D/E Ratio (2023-24)	Debt (2024-25)	Equity (2024-25)	D/E Ratio (2024-25)
Mr. Patro (Green Veg Retail)	14,42,980	70,93,540	**0.20**	11,73,940	56,61,910	**0.21**	9,11,070	60,60,700	**0.15**
N Printers (Printing Press)	43,96,860	17,32,660	**2.54**	48,81,490	26,61,840	**1.83**	39,81,670	41,04,960	**0.97**
A Pvt. Ltd. (Corrugated Boxes)	15,44,40,600	5,14,72,900	**3.00**	17,19,79,300	6,07,45,030	**2.83**	16,74,17,500	7,51,72,530	**2.23**
K Enterprises (FMCG)	41,68,060	43,24,490	**0.96**	1,21,26,800	36,64,650	**3.31**	1,33,82,580	28,17,530	**4.75**
N Fency (Shoe Retail)	2,91,820	13,98,600	**0.21**	15,03,630	20,01,660	**0.75**	24,18,040	23,47,360	**1.03**
G Suppliers (Ghee Trading)	1,18,98,370	41,53,200	**2.86**	1,20,44,260	47,26,620	**2.55**	1,17,25,230	48,42,220	**2.42**
Mrs. Tripathy (Yoga & Tution)	32,470	3,50,200	**0.09**	32,470	32,68,040	**0.01**	45,040	20,90,110	**0.02**

Figure 5.2.5: Debt to Equity Ratio Comparison of Selected Assessees (2022–25)

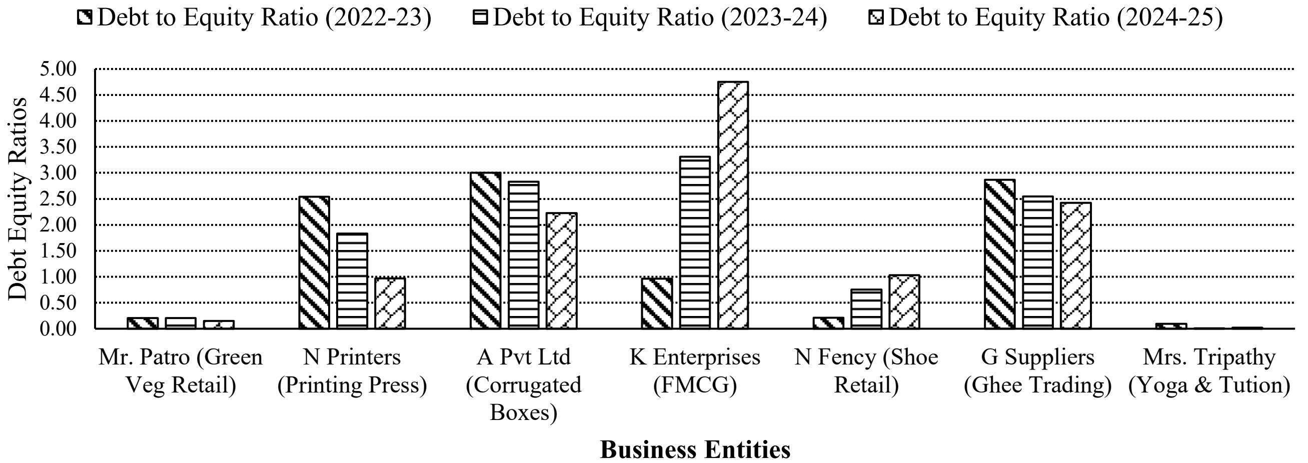
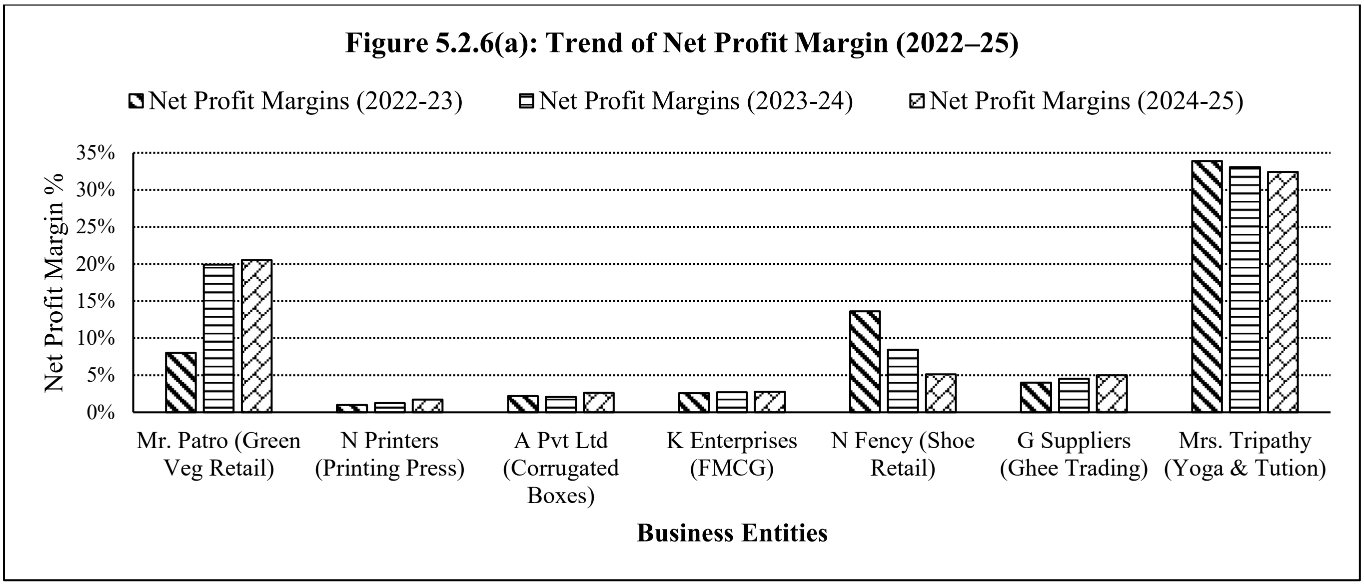


Table 5.2.5 represents the comparative position of the Debt–Equity Ratio of selected income taxpayers for the period 2022–23 to 2024–25, reflecting their capital structure and degree of financial leverage. The table reveals significant variation in financing patterns across businesses due to differences

in scale, nature of operations, and risk appetite. Mr. Patro (Green Veg Retail) maintains a consistently low debt–equity ratio, declining from 0.20 in 2022–23 to 0.15 in 2024–25, indicating a conservative financing policy with greater reliance on own funds. N Printers (Printing Press) shows relatively higher leverage in earlier years, with the ratio reducing sharply from 2.54 to 0.97 by 2024–25, suggesting gradual improvement in equity position and reduced dependence on debt. A Pvt. Ltd. (Corrugated Boxes) records a high debt–equity ratio throughout the period, though it declines from 3.00 to 2.23, reflecting a capital-intensive manufacturing structure supported largely by borrowings but with some strengthening of equity over time. K Enterprises (FMCG) exhibits an increasing debt–equity ratio, rising from 0.96 to 4.75, indicating aggressive leverage and higher financial risk in pursuit of expansion. N Fency (Shoe Retail) shows a gradual rise in leverage, crossing unity in 2024–25, which may signal growing reliance on external funds. G Suppliers (Ghee Trading) maintains consistently high leverage, though marginally declining, reflecting the working-capital-intensive nature of trading activities. Mrs. Tripathy (Yoga & Tuition) records a negligible debt–equity ratio across all years, highlighting a highly stable, equity-financed service model. Overall, the table demonstrates that while some businesses follow conservative financing policies, others rely heavily on debt, influencing their solvency and financial risk profiles.

Table 5.2.6: Profitability Analysis using Financial Ratios (2022-2025)

Business Name	Net Profit Margins (2022-23)	Net Profit Margins (2023-24)	Net Profit Margins (2024-25)	Return on Asset (ROA) (2022-23)	Return on Asset (ROA) (2023-24)	Return on Asset (ROA) (2024-25)
Mr. Patro (Green Veg Retail)	8.00%	19.93%	20.51%	2.86%	10.38%	11.24%
N Printers (Printing Press)	1.00%	1.25%	1.70%	0.41%	0.81%	0.79%
A Pvt. Ltd. (Corrugated Boxes)	2.18%	2.05%	2.61%	5.44%	3.98%	5.95%
K Enterprises (FMCG)	2.60%	2.70%	2.75%	7.60%	4.42%	5.10%
N Fency (Shoe Retail)	13.63%	8.43%	5.14%	31.69%	24.27%	14.60%
G Suppliers (Ghee Trading)	4.00%	4.50%	5.00%	4.70%	3.08%	3.64%
Mrs. Tripathy (Yoga & Tution)	33.88%	33.07%	32.42%	129.54%	18.34%	29.16%



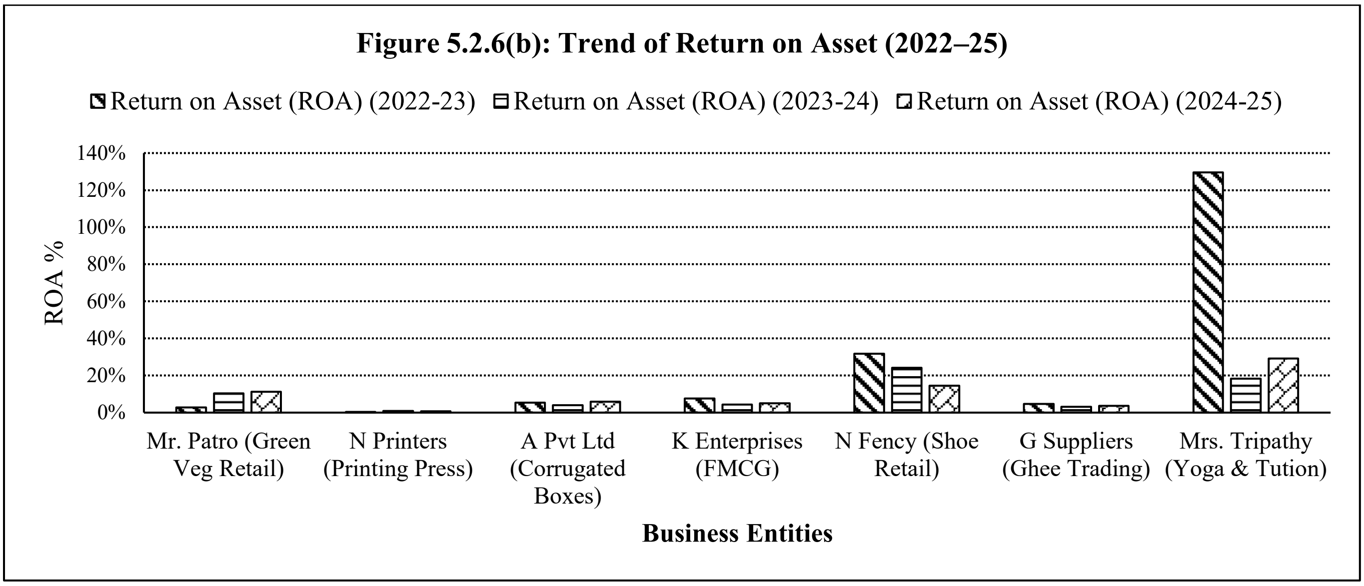


Table 5.2.6 represents the comparative analysis of key profitability ratios, namely Net Profit Margin and Return on Assets (ROA), of selected income taxpayers for the period 2022–23 to 2024–25. The table highlights differences in both operational profitability and efficiency in asset utilisation across various business models. Mr. Patro (Green Veg Retail) shows a significant improvement in net profit margin from 8.00% to above 20%, along with a sharp rise in ROA, indicating strong growth in profitability as well as efficient use of assets over time. N Printers (Printing Press) records very low but gradually improving net profit margins, while ROA remains modest, reflecting thin margins and limited asset efficiency typical of small-scale printing businesses. A Pvt. Ltd. (Corrugated Boxes) maintains relatively stable net profit margins around 2–3%, with fluctuating ROA, suggesting that profitability is driven mainly by high turnover rather than margin expansion, which is characteristic of manufacturing units. K Enterprises (FMCG) shows steady but moderate net profit margins and a declining ROA after 2022–23, indicating

increasing asset base without proportionate profit growth. N Fency (Shoe Retail) exhibits a declining trend in both net profit margin and ROA, pointing towards rising costs or competitive pressure affecting profitability. G Suppliers (Ghee Trading) shows gradual improvement in margins but fluctuating ROA, reflecting volatility in trading efficiency. Mrs. Tripathy (Yoga & Tuition) records exceptionally high net profit margins and ROA throughout the period, highlighting the low-cost, asset-light nature of service-oriented activities. Overall, the table indicates that service and retail businesses tend to generate higher profitability ratios compared to manufacturing and trading firms, emphasizing the strong influence of business nature on profitability performance.

Table 5.2.7: Correlation Analysis between Net Profit and Sales (2022-2025)

Business Name	Correlation (2022-23)	Correlation (2023-24)	Correlation (2024-25)
Mr. Patro (Green Veg Retail)			
N Printers (Printing Press)			
A Pvt. Ltd. (Corrugated Boxes)			
K Enterprises (FMCG)	**0.9971**	**0.9946**	**0.9974**
N Fency (Shoe Retail)			
G Suppliers (Ghee Trading)			
Mrs. Tripathy (Yoga & Tution)			

Figure 5.2.7: Trend of Correlation between Sales and Net Profit (2022–25)

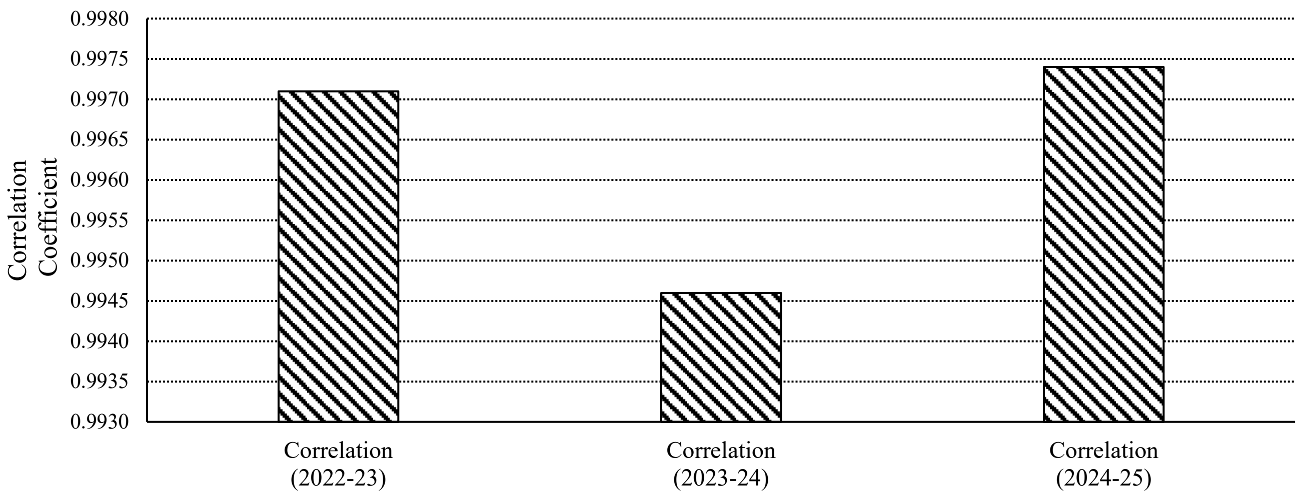


Table 5.2.7 represents the correlation analysis between sales and net profit of the selected income taxpayers for the period 2022–23 to 2024–25, highlighting the degree of relationship between revenue generation and profitability. The correlation coefficients for all three years are exceptionally high and positive, with values of 0.9971 in 2022–23, 0.9946 in 2023–24, and 0.9974 in 2024–25. These

values indicate a very strong positive correlation between sales and net profit during the study period. This implies that increases in sales are closely associated with corresponding increases in net profit across the selected assessees, suggesting that revenue growth directly translates into profitability rather than being offset by disproportionate increases in costs. The consistently high correlation also reflects effective cost management and stable operating structures among the businesses, where higher turnover contributes positively to bottom-line performance. The slight marginal variation in correlation during 2023–24 may be attributed to temporary fluctuations in costs, margins, or market conditions affecting certain businesses; however, the relationship remains strong overall. Since the correlation has been computed year-wise across all assessees, it provides a holistic view of the sample rather than firm-specific behaviour. Overall, the table clearly establishes that sales performance is a key determinant of net profit for the selected income taxpayers, reinforcing the importance of revenue growth strategies in improving profitability. This strong relationship also supports the reliability of subsequent profitability and efficiency analyses carried out in the study.

Table 5.2.8: Liquidity Ratios (Current Ratio and Quick Ratio) (2022-25)

Business Name	Current Ratio (2022-23)	Current Ratio (2023-24)	Current Ratio (2024-25)	Quick Ratio (2022-23)	Quick Ratio (2023-24)	Quick Ratio (2024-25)
Mr. Patro (Green Veg Retail)	5.22	7.35	11.02	2.24	6.80	10.13
N Printers (Printing Press)	0.94	1.57	2.11	0.24	0.31	1.60
A Pvt. Ltd. (Corrugated Boxes)	1.13	1.14	1.25	0.53	0.57	0.71
K Enterprises (FMCG)	3.63	4.65	3.17	3.34	4.30	2.64
N Fency (Shoe Retail)	5.26	2.24	6.33	1.74	0.68	1.44
G Suppliers (Ghee Trading)	1.31	1.36	1.36	0.26	0.28	0.31
Mrs. Tripathy (Yoga & Tution)	11.79	97.20	44.52	11.79	97.20	44.52

Figure 5.2.8(a): Trend of Current Ratios (2022–25)

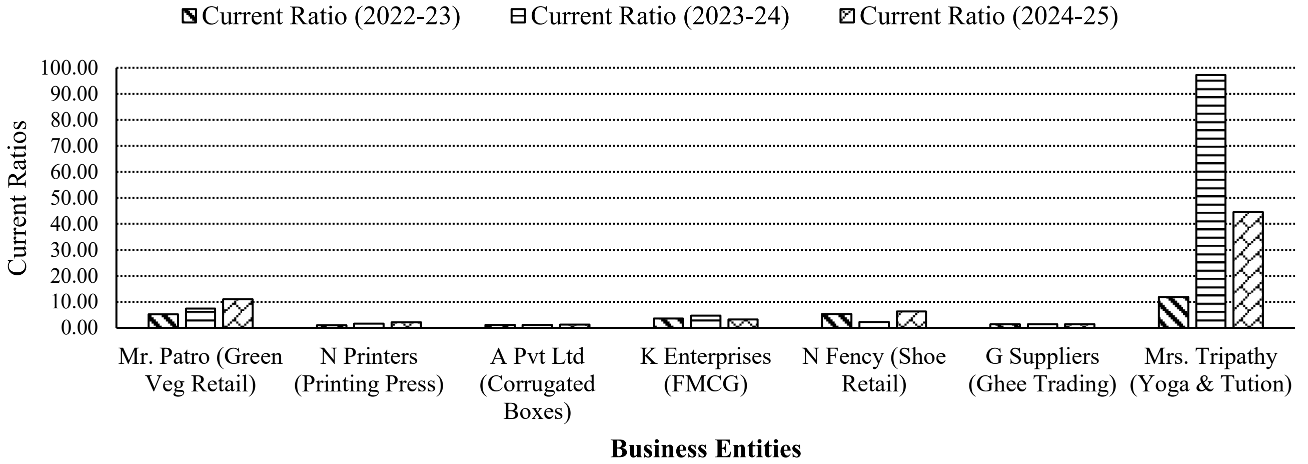


Figure 5.2.8(b): Trend of Quick Ratios (2022–25)

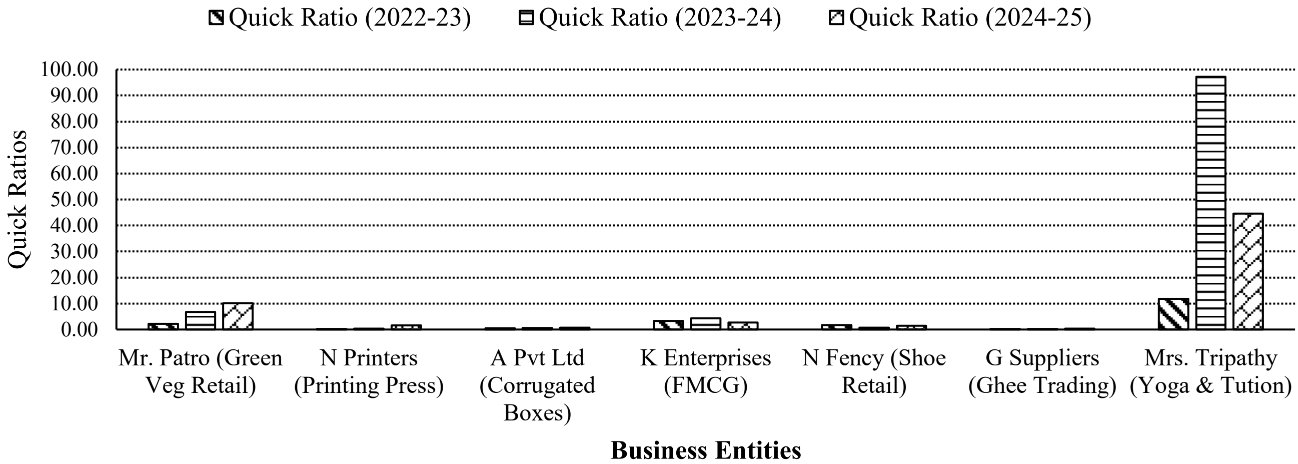


Table 5.2.8 represents the liquidity position of selected income taxpayers through the analysis of Current Ratio and Quick Ratio for the period 2022–23 to 2024–25. Liquidity ratios indicate the ability of businesses to meet their short-term obligations and reflect the strength of working capital management. Mr. Patro (Green Veg Retail) shows a steadily improving liquidity position, with the current ratio increasing from 5.22 to 11.02 and the quick ratio rising significantly, indicating a strong short-term solvency position, though such high ratios may also suggest excess idle current assets. N Printers (Printing Press) records an improvement in both ratios over the period, moving closer to acceptable liquidity levels, which reflects better management of current assets and liabilities. A Pvt. Ltd. (Corrugated Boxes) maintains current and quick ratios slightly above unity, indicating a balanced liquidity position typical of manufacturing units that rely on efficient working capital cycles. K Enterprises (FMCG) shows consistently comfortable liquidity ratios, though a slight decline in 2024–25 suggests tighter working capital management. N Fency (Shoe Retail) exhibits fluctuating liquidity, with a strong position in 2022–23, a decline in 2023–24, and recovery in 2024–25, reflecting variability in inventory and receivables management. G Suppliers (Ghee Trading) records relatively low quick ratios across all years, indicating high dependence on inventory for meeting current obligations, which is common in trading businesses. Mrs. Tripathy (Yoga & Tuition) shows exceptionally high current and quick ratios due to the service-oriented nature of the activity, where current liabilities are minimal. Overall, the table indicates that while most businesses maintain adequate liquidity, excessively high ratios in certain cases may point towards inefficient utilisation of short-term resources.

Table 5.2.9: Cash Flow Analysis (2022-25)

Business Name	Cash Flow (2022-23)	Cash Flow (2023-24)	Cash Flow (2024-25)
Mr. Patro (Green Veg Retail)	13,31,780	-1,25,220	-1,65,700
N Printers (Printing Press)	-2,68,840	1,14,460	70,460
A Pvt. Ltd. (Corrugated Boxes)	-16,21,220	1,17,82,800	-61,57,000
K Enterprises (FMCG)	14,28,610	22,44,240	-2,92,050
N Fency (Shoe Retail)	-1,15,400	5,83,390	-3,11,060
G Suppliers (Ghee Trading)	8,10,890	21,620	1,01,070
Mrs. Tripathy (Yoga & Tution)	2,90,240	28,38,400	-14,75,610

Figure 5.2.9: Trend of Cash Flow of Selected Assessees (2022–25)

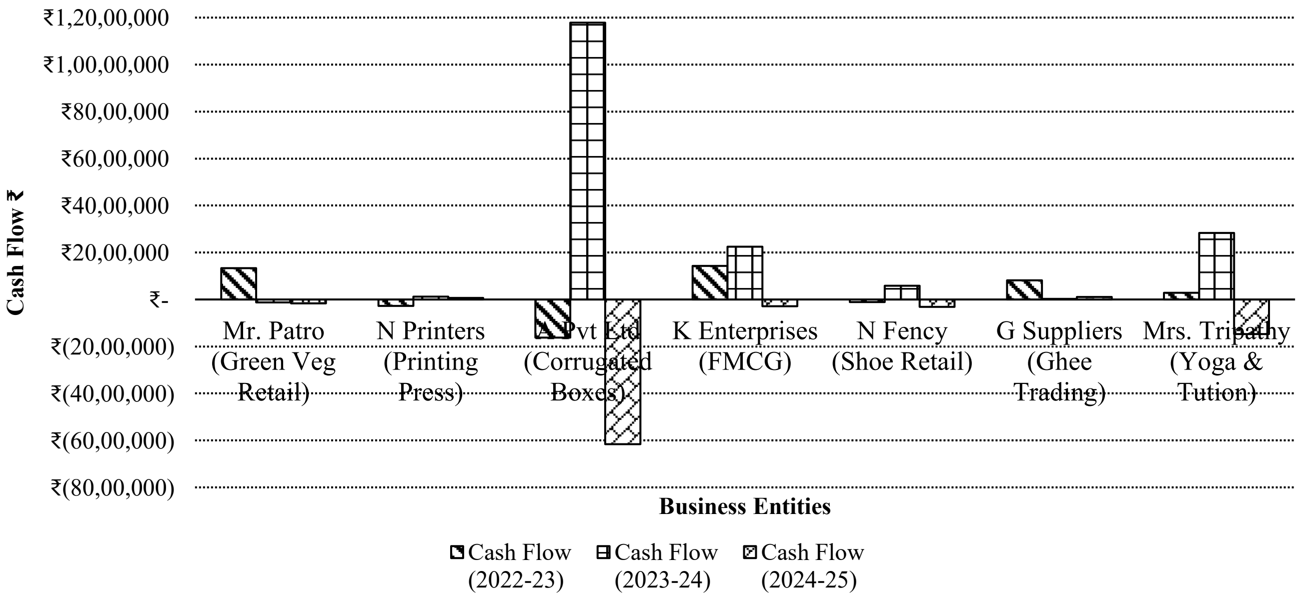


Table 5.2.9 represents the cash flow performance of selected income taxpayers for the period 2022–23 to 2024–25, indicating the net cash inflows and outflows generated during the study period. Cash flow analysis provides a realistic picture of liquidity and financial sustainability, as it focuses on actual cash movements rather than accounting profits. Mr. Patro (Green Veg Retail) shows positive cash flow in 2022–23, followed by negative cash flows in the subsequent two years, suggesting increased cash outflows due to higher purchases, expansion in working capital, or delayed recovery from debtors. N Printers (Printing Press) experiences negative cash flow in 2022–23 but records positive inflows in 2023–24 and 2024–25, indicating improvement in operational cash management and better receivable collection. A Pvt. Ltd. (Corrugated Boxes) exhibits significant volatility, with heavy cash outflow in 2022–23, strong inflow in 2023–24, and again substantial outflow in 2024–25, reflecting the capital-intensive and cyclical nature of manufacturing operations. K Enterprises (FMCG) shows strong positive cash flow in 2022–23 and 2023–

24 but a sharp decline in 2024–25, possibly due to expansion or increased working capital requirements. N Fency (Shoe Retail) records negative cash flows in two out of three years, highlighting pressure on liquidity arising from inventory buildup or credit sales. G Suppliers (Ghee Trading) maintains relatively stable and positive cash flows across the period, reflecting steady trading operations. Mrs. Tripathy (Yoga & Tuition) shows strong positive cash inflows initially, followed by a significant cash outflow in 2024–25, which may indicate personal withdrawals or investment-related payments. Overall, the table highlights that cash flows are uneven across years and businesses, underscoring the need for effective cash flow planning and control alongside profitability analysis.

Table 5.2.10: Depreciation Analysis (2022-2025)

Business Name	Depreciation (2022-23)	Depreciation (2023-24)	Depreciation (2024-25)
Mr. Patro (Green Veg Retail)	2,20,120	1,87,380	1,59,520
N Printers (Printing Press)	3,51,440	2,95,820	2,50,090
A Pvt. Ltd. (Corrugated Boxes)	1,00,71,500	1,76,78,200	1,45,73,300
K Enterprises (FMCG)	57,450	49,490	42,650
N Fency (Shoe Retail)	17,260	15,530	13,980
G Suppliers (Ghee Trading)	65,900	56,680	48,960
Mrs. Tripathy (Yoga & Tution)	-	16,030	14,430

Figure 5.2.10(a): Depreciation Trend of A Pvt. Ltd. (2022–25)

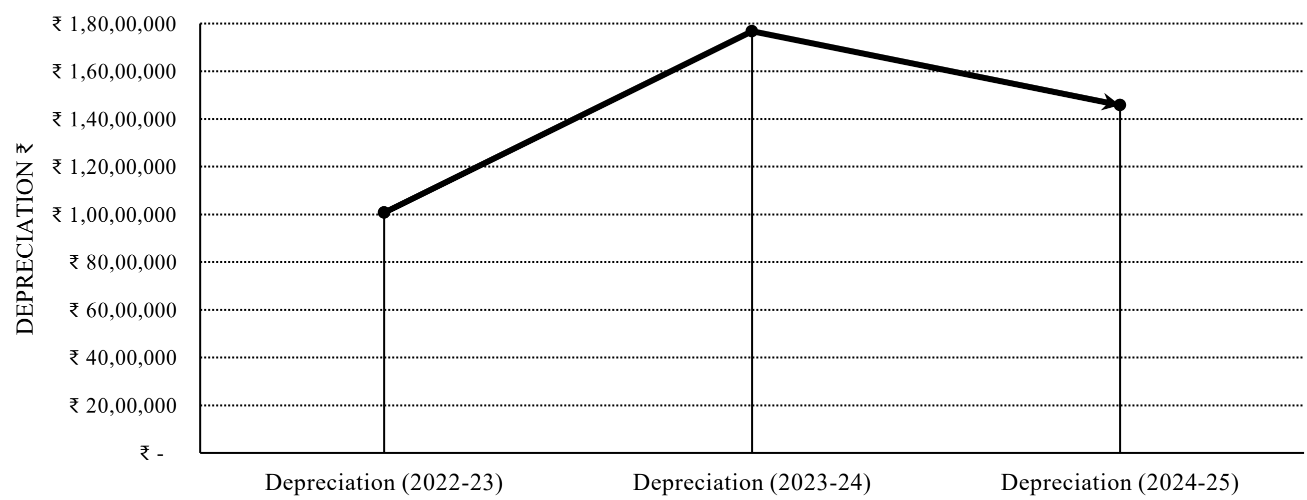


Figure 5.2.10(b): Depreciation Trend of Sole Proprietor Businesses (2022–25)

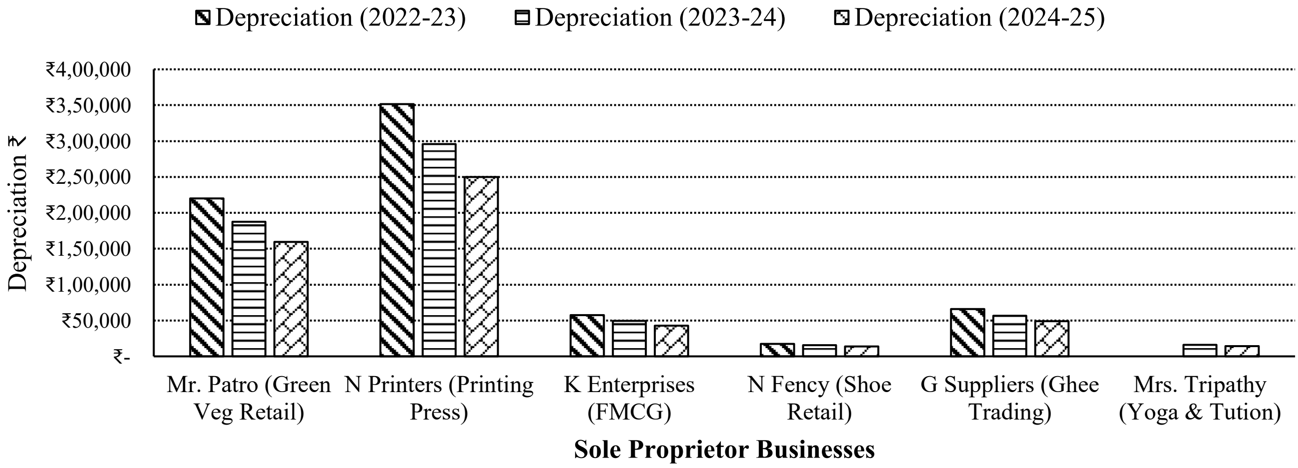


Table 5.2.10 represents the depreciation pattern of selected income taxpayers for the period 2022–23 to 2024–25, reflecting the extent of investment in fixed assets and the gradual allocation of asset cost over their useful life. Depreciation is a non-cash expense but plays an important role in determining taxable income and indicates the capital intensity of a business. Mr. Patro (Green Veg Retail) shows a declining trend in depreciation over the years, suggesting limited addition to fixed assets and possible ageing of existing assets. N Printers (Printing Press) records relatively high depreciation figures compared to its scale of operations, indicating significant investment in machinery and printing equipment, though the gradual decline over time points towards reduced capital expenditure in recent years. A Pvt. Ltd. (Corrugated Boxes) reports the highest depreciation amounts throughout the period, with a sharp increase in 2023–24 and continued high depreciation in 2024–25, reflecting heavy investment in plant and machinery typical of manufacturing units and ongoing capacity expansion. K Enterprises (FMCG) and N Fency (Shoe Retail) show low and steadily declining depreciation, indicating limited capital investment and reliance on existing asset bases. G Suppliers (Ghee Trading) records moderate depreciation with a declining trend, suggesting stable asset usage with minimal additions. Mrs. Tripathy (Yoga & Tuition) reports negligible depreciation in 2022–23 and modest amounts in subsequent years, consistent with the service-oriented and asset-light nature of the activity. Overall, the table highlights that depreciation levels vary significantly based on the nature of business, with manufacturing firms being more capital-intensive, while retail and service businesses operate with relatively lower fixed asset investment.

5.3 Discussion of the Research

The present study provides an integrated discussion of the financial performance and behavioural patterns of selected income taxpayers operating in Brahmapur City during the period 2022–23 to 2024–25. The discussion synthesises findings from sales, profitability, liquidity, solvency, cash flow, and efficiency analyses to understand how businesses belonging to different sectors perform within the same geographical and economic environment. The study also highlights how business nature and scale influence financial structure, risk appetite, and taxation behaviour.

Among the selected assessees, **A Pvt. Ltd. (Corrugated Boxes)** represents a large-scale manufacturing unit with a dominant presence in terms of turnover and asset base. Sales increased from about ₹51.41 crore in 2022–23 to ₹55.24 crore in 2024–25, while total assets crossed ₹24 crore. This reflects strong industrial demand in Brahmapur and nearby regions, particularly from FMCG distributors, traders, and agricultural businesses requiring packaging materials. However, despite its size, the company operates on thin net profit margins of around 2–3%, indicating that manufacturing businesses in this region follow a volume-driven and cost-sensitive model. High depreciation and interest expenses significantly affect taxable income, suggesting that such firms focus on tax planning through capital investment and debt financing while prioritising expansion over margin maximisation.

N Printers (Printing Press) presents a contrasting picture of a small-scale manufacturing and service-oriented unit operating in a competitive local market. With sales ranging between ₹25 lakh and ₹49 lakh during the study period, the business remains modest in scale. Net profit figures, though improving from ₹25,250 in 2022–23 to ₹63,700 in 2024–25, remain relatively low, reflecting thin margins typical of printing businesses facing rising raw material costs, price competition, and dependence on institutional and seasonal demand. Liquidity ratios show gradual improvement, indicating better working capital management over time. The financial behaviour of N Printers suggests a survival-oriented approach, where the primary objective is business continuity rather than aggressive growth. From a taxation perspective, such small-scale units tend to maintain conservative reporting practices, claiming depreciation and basic deductions while avoiding excessive leverage or complex tax planning.

Retail businesses such as **Mr. Patro (Green Veg Retail)** and **N Fency (Shoe Retail)** demonstrate stronger relative performance in the local context. Mr. Patro emerges as one of the better-performing assessees, with net profit increasing from ₹2.44 lakh to ₹7.84 lakh and net profit margin improving from 8% to over 20%. This indicates efficient procurement, strong local demand for daily-consumption goods, and effective cost control in Brahmapur's urban retail environment. N Fency shows healthy sales growth but declining margins, suggesting increasing competition and cost pressure in the footwear segment. Retail businesses generally show stable cash flows and moderate asset requirements, enabling predictable tax payments and relatively lower financial risk.

K Enterprises (FMCG) occupies an intermediate position between manufacturing and retail. Sales increased steadily to over ₹3 crore, accompanied by rising net profits. However, the sharp increase in its debt–equity ratio to 4.75 in 2024–25 indicates aggressive debt-funded expansion. This reflects the competitive nature of FMCG distribution in the region, where businesses aim to expand market reach quickly. Taxation behaviour in such cases is influenced by interest deductions and reinvestment strategies, with profitability often being sacrificed in the short term to achieve scale.

G Suppliers (Ghee Trading) reflects the typical characteristics of a trading business in Brahmapur. Performance remains moderate with fluctuating profits and relatively stable cash flows, highlighting the importance of turnover velocity and liquidity management. Trading businesses operate with high working capital requirements and are sensitive to commodity price movements. Tax planning in such businesses often revolves around inventory valuation, purchase timing, and credit management rather than long-term asset accumulation.

The **service sector**, represented by **Mrs. Tripathy (Yoga & Tuition)**, clearly outperforms other sectors in terms of relative profitability and efficiency. With gross profit margins consistently at 100% and ROA exceeding 18–29%, the business reflects an asset-light, low-risk, and highly tax-efficient model. Although absolute income levels are lower, stability of profits and cash inflows makes such activities financially sustainable. In Brahmapur, rising awareness of education and wellness supports the growth of such service-based enterprises, which generally prefer straightforward tax compliance due to limited scope for deductions.

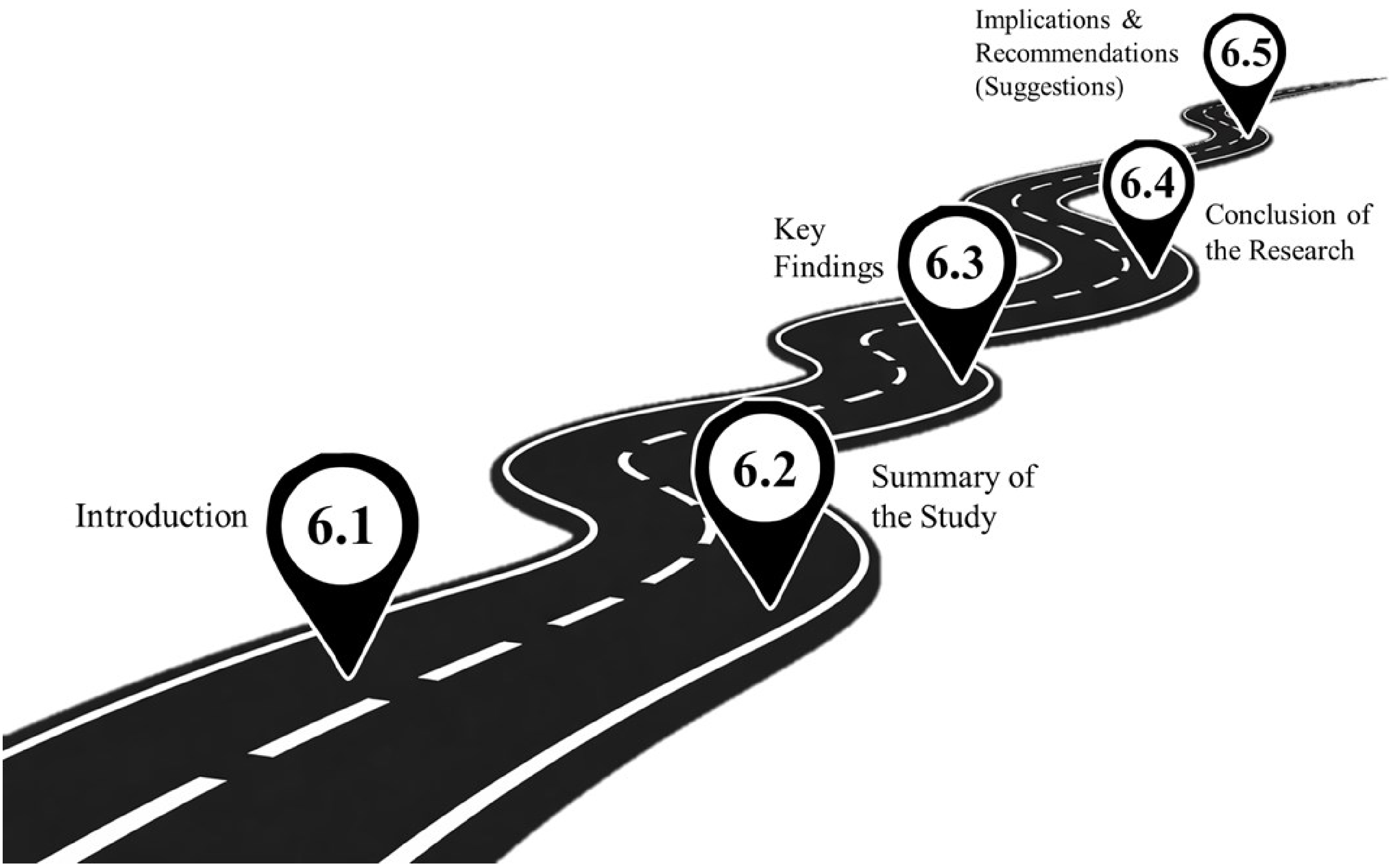
Across all businesses, liquidity analysis shows that most assessees maintain adequate short-term solvency, though excessively high liquidity in some cases suggests conservative financial behaviour. Cash flow analysis highlights that accounting profits do not always translate into immediate liquidity, particularly for manufacturing and retail businesses operating on credit terms. The correlation analysis, showing coefficients above 0.99, confirms that sales growth remains the primary driver of profitability across sectors.

Overall, the study concludes that business performance in Brahmapur is closely linked to industry characteristics and local market conditions. Manufacturing businesses focus on scale and tax optimisation, small units like N Printers prioritise survival and compliance, retail businesses rely on margins and demand stability, trading firms emphasise liquidity, and service providers benefit from efficiency and simplicity. Sustainable performance depends on balancing growth, profitability, liquidity, leverage, and tax planning rather than focusing on a single financial dimension.

5.4 Conclusion

This chapter has examined the financial performance of selected income taxpayers in Brahmapur City through a comprehensive analysis of sales, profitability, liquidity, solvency, cash flows, and efficiency indicators for the period 2022–23 to 2024–25. The study reveals that business performance varies significantly across sectors due to differences in scale of operations, cost structure, and market dynamics. Manufacturing businesses operate on high turnover but low margins, retail businesses demonstrate stable growth and improving profitability, trading firms show moderate performance with a strong focus on liquidity, and service-oriented activities emerge as the most efficient and stable in relative terms. The findings also highlight that profitability does not always ensure liquidity, underscoring the importance of effective cash flow management. Furthermore, taxation behaviour across businesses reflects a balance between compliance and optimisation based on business nature. Overall, the analysis concludes that sustainable financial performance requires a balanced approach integrating profitability, liquidity, solvency, and efficient tax planning, tailored to the specific industry and local economic environment.

CHAPTER 6
FINDINGS, CONCLUSIONS & SUGGESTIONS



CHAPTER 6: FINDINGS, CONCLUSIONS AND SUGGESTIONS

6.1 Introduction

This chapter encapsulates the primary findings from the study *"Financial Performance Analysis of Selected Income Taxpayers (Businessmen) of Brahmapur City"*. The research aimed to understand the financial behaviour, tax compliance practices, and economic impacts of small to medium-sized businesses operating in Brahmapur City. By examining the financial statements and tax records of businesses across multiple industries—such as retail trading, printing, FMCG goods trading, and service provision—the study integrates quantitative financial analysis with qualitative insights into the personal and socio-economic factors influencing business practices. In this final chapter, the key findings are summarized, their implications are discussed, and conclusions are drawn with respect to policy and practical recommendations.

6.2 Summary of the Study

The study sought to explore the discrepancies between reported income and actual business performance among taxpayers in Brahmapur City, with a particular focus on small and medium-sized enterprises (SMEs). The businesses examined included **Mr. Patro (Green Vegetable Retail Trading)**, **N Printers (Printing Press)**, **A Pvt. Ltd. (Corrugated Boxes Manufacturing)**, **K Enterprises (FMCG Trading)**, **N Fency (Shoe Retail)**, **G Suppliers (Ghee Trading)**, and **Mrs. Tripathy (Yoga & Tuition)**.

A **mixed-methods approach** was employed, integrating **quantitative financial analysis** through ratio computation, trend analysis, and SPSS statistical tests, with **qualitative methods** such as interviews and observational data to gain a holistic understanding of business operations and tax compliance behaviours. The research spanned a period of three years—2022-2025—enabling a comprehensive analysis of financial performance trends, tax reporting practices, and the socio-economic conditions influencing business owners in the region.

Key Research Objectives:

- To assess the financial performance of businesses by computing key financial ratios (e.g., profitability, liquidity, solvency).
- To explore the relationship between reported income and actual sales, profit, and business performance.

- To understand the business owner's perceptions and attitudes toward tax compliance, tax evasion, and their experiences with the taxation system.
- To identify structural, economic, and social factors affecting tax reporting practices.

Data Collection:

Primary data were gathered through interviews with business owners, supplemented by secondary data in the form of financial records such as **balance sheets**, **profit & loss statements**, and **income tax returns**. The secondary data were sourced directly from the businesses themselves, with appropriate ethical consent and confidentiality assured.

6.3 Key Findings

The key findings from the study are summarized below, addressing the major objectives of the research.

6.3.1 Financial Performance of Businesses

- **Profitability:** The analysis reveals clear differences in profitability across assessees based on the nature of business. **Mrs. Tripathy (Yoga & Tuition)** records the highest relative profitability due to a service-based, low-cost structure. Among retail businesses, **Mr. Patro (Green Veg Retail)** shows strong improvement in net profit and margins over the study period, indicating efficient cost control and stable local demand. **K Enterprises (FMCG)** also demonstrates improving profitability, whereas **A Pvt. Ltd. (Corrugated Boxes)** and **G Suppliers (Ghee Trading)** operate on low margins despite high turnover, reflecting the volume-driven nature of manufacturing and trading activities.
- **Growth Trends:** Growth trends indicate that **A Pvt. Ltd.** shows the highest absolute growth in sales and assets, reflecting expansion in manufacturing activities supported by regional demand. **K Enterprises** records steady growth in turnover, driven by FMCG distribution expansion. Retail businesses such as **Mr. Patro** and **N Fency (Shoe Retail)** exhibit consistent and sustainable growth aligned with consumption patterns in Brahmapur City. **N Printers (Printing Press)** shows limited but gradual growth, indicating survival-oriented expansion, while **Mrs. Tripathy** demonstrates stable growth within a smaller scale service segment.
- **Liquidity and Solvency:** Liquidity analysis shows that **Mr. Patro** and **Mrs. Tripathy** maintain high liquidity ratios, reflecting conservative financial practices and low reliance on credit. **A Pvt. Ltd.**, **K Enterprises**, and **G Suppliers** operate with comparatively tighter liquidity due to higher working capital requirements. Solvency analysis highlights that **K Enterprises** and **A Pvt. Ltd.** rely

more on debt financing, increasing financial risk, whereas **N Printers** and **Mrs. Tripathy** follow conservative capital structures, indicating stronger long-term financial stability.

6.3.2 Relationship Between Sales and Net Profit

The **correlation analysis** between **net profit** and **sales** revealed critical insights:

The study finds a very strong positive relationship between sales and net profit across the selected assessees during the period 2022–23 to 2024–25. The correlation coefficients for all three years remain exceptionally high, exceeding 0.99, indicating that an increase in sales is closely associated with a corresponding increase in net profit. This relationship is particularly evident in businesses such as **A Pvt. Ltd. (Corrugated Boxes)** and **Mr. Patro (Green Veg Retail)**, where higher turnover directly contributes to improved profitability. However, the extent to which sales translate into profit varies across sectors, depending on cost structure and operational efficiency. Manufacturing and trading businesses rely on volume-driven profits, while retail and service-oriented activities benefit from better margins. Overall, the findings confirm that sales growth is a key determinant of profitability, provided costs are effectively controlled.

6.3.3 Tax Compliance and Reporting Practices

A critical part of this study focused on the **tax compliance practices** of these taxpayers. Several key patterns emerged:

- **Tax Knowledge and Perception:** The study indicates varying levels of tax knowledge among the assessees. Larger and organised businesses such as **A Pvt. Ltd. (Corrugated Boxes)** and **K Enterprises (FMCG)** demonstrate better awareness of income tax provisions, depreciation, and allowable deductions, often supported by professional tax consultants. Smaller businesses like **N Printers (Printing Press)** and retail units such as **Mr. Patro (Green Veg Retail)** possess basic tax knowledge and largely depend on external professionals for compliance. Service-oriented assessee **Mrs. Tripathy (Yoga & Tuition)** shows relatively clear perception of tax obligations due to simpler income structures.
- **Challenges in Compliance:** Key challenges in tax compliance include frequent changes in tax provisions, maintenance of proper books of accounts, and reconciliation of financial data with returns. Small-scale businesses such as **N Printers** and **N Fency (Shoe Retail)** face difficulties in timely record-keeping and documentation, while trading and manufacturing units like **G Suppliers**

and **A Pvt. Ltd.** encounter complexities related to inventory valuation and depreciation. Cash flow constraints also affect timely tax payments, particularly for retail and trading businesses.

- **Evasion and Avoidance:** The study does not indicate deliberate tax evasion among the selected assessees; however, instances of tax avoidance through legitimate means are observed. Businesses such as **A Pvt. Ltd.** and **K Enterprises** utilise depreciation, interest on borrowings, and expense claims to reduce taxable income. Small businesses like **N Printers** and **Mr. Patro** adopt conservative reporting to avoid scrutiny rather than aggressive tax planning. Overall, tax practices remain largely compliant and guided by risk minimisation rather than intentional evasion.

6.3.4 Impact of Socio-economic Factors on Tax Practices

The tax practices of the selected assessees are significantly shaped by socio-economic factors such as business size, stability of income, nature of operations, and the semi-urban economic environment of Brahmapur City. Small and medium enterprises like **N Printers (Printing Press)** and **N Fency (Shoe Retail)** operate in highly competitive markets with fluctuating cash flows, which encourages conservative tax reporting and a strong dependence on external tax professionals. Retail businesses such as **Mr. Patro (Green Veg Retail)** handle frequent cash transactions and moderate income levels, leading to cautious compliance aimed at avoiding penalties and scrutiny.

On the other hand, larger and more organised businesses like **A Pvt. Ltd. (Corrugated Boxes)** and **K Enterprises (FMCG)** possess better financial literacy and access to professional advisory services, enabling structured tax planning through legitimate deductions such as depreciation and interest expenses. Service-oriented activity represented by **Mrs. Tripathy (Yoga & Tuition)** benefits from stable income and a simple cost structure, resulting in transparent reporting and timely tax compliance. Overall, socio-economic conditions encourage risk-averse and compliance-focused tax behaviour rather than aggressive tax practices.

6.4 Conclusion of the Research

The research sheds light on the complexities of **tax compliance behaviour** among small and medium-sized enterprises in **Brahmapur City**. Several conclusions can be drawn from the study:

- **Financial Efficiency and Profitability:** The study concludes that service-based activity such as **Mrs. Tripathy (Yoga & Tuition)** and retail business like **Mr. Patro (Green Veg Retail)** demonstrate higher financial efficiency and stable profitability, while manufacturing and trading businesses such as **A Pvt. Ltd.** and **G Suppliers** rely on volume-driven growth with relatively lower margins.

- **Tax Compliance and Evasion:** Most assessees, including **N Printers**, **Mr. Patro**, and **K Enterprises**, follow compliant tax practices with minimal indication of evasion. Larger businesses like **A Pvt. Ltd.** engage in lawful tax planning through depreciation and interest deductions rather than adopting aggressive or non-compliant approaches.
- **Socio-economic Impacts:** Socio-economic conditions in Brahmapur influence cautious tax behaviour, particularly among small businesses like **N Fency** and **N Printers**, while financially stable and organised assessees such as **K Enterprises** and **Mrs. Tripathy** exhibit more structured and confident compliance practices.

6.5 Implications and Recommendations (Suggestions)

Based on the findings, the study suggests several policy recommendations aimed at improving **tax compliance**:

1. **Educational Programs:** There is a clear need for **tax literacy programs** targeted at small business owners, helping them understand tax regulations, deductions, and reporting requirements. Government bodies and trade associations should partner to offer workshops and digital tools to simplify the tax filing process.
2. **Simplification of Tax Procedures:** Streamlining **tax filing procedures** and offering **digital platforms** for small businesses can reduce the administrative burden and encourage greater compliance.
3. **Incentivizing Compliance:** Offering tax incentives or rebates for businesses that consistently file accurate returns could motivate businesses, particularly in the retail and service sectors, to improve reporting practices.
4. **Strengthening Enforcement:** There should be **stricter enforcement** and monitoring of tax evasion practices, particularly for cash-based transactions. Increased use of technology and data analytics can help detect discrepancies between reported income and actual business activity.

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ANNEXURE

Approved
DS
28.01.2026

KHALLIKOTE UNITARY UNIVERSITY, BERHAMPUR
(DEPARTMENT OF COMMERCE & MANAGEMENT STUDIES)
PROJECT REGISTRATION FORM
(For B.Com Final Year / M.Com Final Year)

Finance

PART – A: STUDENT DETAILS

1. **Name of the Student (in capital letters):** ANIL KUMAR HOTTA
2. **Exam Roll Number:** UG2303COM036
3. **Programme:**
   ☑ B.Com (Final Year) ☐ M.Com (Final Year)
4. **Specialisation / Area of Study:**
   ☑ Finance
   ☐ Human Resource Management
   ☐ Marketing
   ☐ General Management
5. **Academic Session:**

Contact Number: 80180 15010 **Email ID:** anilhotta24@gmail.com

PART – B: PROJECT DETAILS

9. **Proposed Title of the Project (Research-Oriented):**
   Financial Performance Analysis of selected Individual Income Tax Payers in Berhampur, Ganjam District
10. **Broad Research Domain:** Corporate Finance (Financial Performance Analysis & Taxation)
    (e.g., Corporate Finance, Behavioural Finance, Strategic HRM, Digital Marketing, Financial Markets, Sustainability, MSME Management, Banking & FinTech, Consumer Behaviour, etc.)
11. **Nature of the Study:**
    ☐ Empirical
    ☑ Analytical
    ☐ Conceptual
    ☐ Case-Based
    ☐ Comparative
    ☐ Policy-Oriented
12. **About Your Project (100–120 words):**
    (Introduction, and About the Study)

This project is a study on the financial performance analysis of selected income tax payers in Berhampur city of Ganjam District. The main objective of the study is to evaluate the financial health and efficiency of selected assessees by analysing their income, expenditure, profitability and tax payment patterns over the last two to three years. The study is analytical in nature and is based on secondary data collected from financial statements and income tax records. Various financial ratios and comparative techniques have been used to assess financial performance. The findings of the study help in understanding the financial stability, compliance behaviour and overall performance of income tax payers in the selected area.

13. **Brief Statement of the Research Problem (100–120 words):**
(Clearly articulate the research gap, managerial relevance, and academic importance)
There is limited empirical evidence on the financial performance and tax compliance behaviour of individual income tax payers at the regional level, particularly in Berhampur city of Ganjam District. Most existing studies focus on corporate or national data, leaving a research gap in local-level financial analysis. This study aims to analyse income, expenditure, profitability and tax payment trends of selected assessees over the last two to three years. The study is managerially relevant as it helps taxpayers improve financial planning and tax efficiency. Academically, it adds region-specific insights to the field of financial performance analysis and taxation studies.

PART – C: OBJECTIVES AND METHODOLOGY

13. **Objectives of the Study:**
(Minimum 3 – Maximum 5, clear and measurable & point wise)

- To analyse the income and expenditure of selected income tax payers.
- To assess the profitability and financial performance using financial ratios.
- To examine the tax payment trends over the study period.
- To compare the year-wise financial performance of selected assesses.
- To suggest measures for better financial planning and tax efficiency.

14. **Research Methodology:**

- **Type of Data:** ☐ Primary ☑ Secondary ☑ Both
- **Sources of Data and Period of the Study:**
  - ☐ Company Reports
  - ☑ Annual Reports
  - ☑ Financial Statements
  - ☑ Research Journals
  - ☐ Survey / Questionnaire
  - ☑ Government Publications
  - ☑ Databases (Income tax e-filing portal, RBI website and official financial databases)

Last 3 F.y's Collect
(7-10)
(Individual & Business taxpayers
Of Berhampur City.

15. **Sampling Design (if applicable):**
Convenience sampling method has been used for selecting income tax payers based on availability of secondary data.

16. **Tools & Techniques Proposed:**
(e.g., Descriptive statistics, Ratio Analysis, Regression, ANOVA, Correlation, Trend Analysis, SPSS, Excel, STATA, etc.)

Descriptive statistics, ratio analysis and trend analysis using MS Excel

PART – D: EXPECTED ACADEMIC CONTRIBUTION

17. **Expected Outcomes / Academic Contribution:**
(Business or Managerial implications, policy relevance, scope for publication)

The study is expected to help income tax payers improve financial planning and tax compliances while providing insights for local policy formulation.

Chapter - 06

18. **Proposed Chapter Scheme: (5-6 Chapters only)**

1. Introduction 5-7
2. ~~Conceptual Framework~~& Review of Literature (5-7 page)
3. Taxation System & Individual ~~tax~~ tax payer (8-10)
4. Research Methodology 5-7
5. Data Analysis & Interpretation 20-30
6. Findings, Conclusion & Suggestions 5-6

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PART – E: DECLARATION BY THE STUDENT

I hereby declare that the proposed project work titled "Financial Performance Analysis of Selected Individual Income tax payers in Berhampur, Ganjam District" is original in nature and has not been submitted to any other university or institution for the award of any degree or diploma. I shall strictly adhere to academic integrity, ethical research practices, and university guidelines.

Place: Berhampur
Date: 19-01-2026

Anil Kumar Hotta.
Signature of the Student:

PART – F: SUPERVISOR DETAILS & CONSENT

Name of the Project Supervisor and Designation: Annapurna Sahoo

CONSENT

I have carefully reviewed the proposed project title, objectives, and methodology. The topic is academically sound and suitable for **B.Com / M.Com Final Year**, with potential alignment towards **research standards**. I hereby consent to guide the student for the said project.

Dr. Yajnya Dutta Nayak