

**Resource Mobilisation by  
Local Bodies in the  
National Capital Region**  
Research Study No. 41

(Prepared for the National Capital Region Planning Board)

**National Institute of Urban Affairs  
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## PREFACE

The 'Regional Plan, 2001 AD' for the National Capital Region has proposed moderate development of seven towns falling within the jurisdiction of the Delhi Metropolitan Area (DMA), and induced development of eleven towns, called the Priority Towns (PTs) in the region outside the DMA. The rationale for the proposal stems from the fact that during the past several decades, the Union Territory of Delhi which is one of the principal constituents of the National Capital Region - it accounts for 32.4 per cent of the Region's total population, has grown at an unprecedented pace, while the region surrounding it has lagged behind. Imbalances in the pace and pattern of growth between the Union Territory of Delhi and other constituents of the NCR have widened over the years. To correct the imbalances, the Regional Plan, 2001 has proposed a strategy of balanced development; the National Capital Region Planning Board, the agency responsible for an orderly growth of the Region apprehends that if steps are not taken to develop DMA and Priority Towns Delhi may grow into a megalapolis of extraordinary dimensions and present problems of management and provision of services.

According to the Regional Plan, 2001, balanced development of the National Capital Region is possible. One of the suggestions that the Plan has made in this regard is that the levels and standards of services such as water supply, sewerage, roads, public health, primary education etc. in the DMA and Priority Towns should be upgraded. Upgradation of services will

remove as the Plan suggests, a major impediment to the development of these towns. On the other hand, the Regional Plan, 2001 AD argues that if disparities in the levels of services continue, there is little likelihood that the inflow of population and activities into Delhi could be stemmed.

One of the central questions that arises in this connection is whether the municipal bodies who have the primary responsibility of providing and maintaining urban services will be able to maintain them at upgraded levels, assuming that upgradation can be done through capital grants or loans from the NCR Board or the State Governments or both. Will the municipal bodies be able to raise resources for maintaining services at upgraded levels? In what way can their resource-raising capacities be augmented so that they can do it?

The present study entitled "Resource Mobilisation by the Local Bodies in The National Capital Region" is concerned with the above sets of questions. Prepared under contract (No.K-1411/1/88-NCRPB), this study has examined the present financial position of municipal bodies, identified reasons as to why their resource position is so fragile, and recommended a comprehensive set of package which should lead to augmentation of their capacities to be able to maintain services at upgraded levels. It has been shown in the study that the existing municipal acts are flexible enough to allow the municipal bodies to raise additional resources; however, where there are statutory impediments, suggestions have been made to overcome them.



In the preparation of this study, the National Institute of Urban Affairs has greatly benefitted from discussions with Shri K.K. Bhatnagar, Member Secretary, National Capital Region Planning Board. NIUA has also benefitted from the numerous discussions with Shri B.N. Singh, Chief Planner, NCR Planning Board and his colleagues. I would like to express my gratitude to them for their assistance. Thanks are, of course, due to the National Capital Region Planning Board for awarding this study to us.

At this Institute, Shri K.K. Pandey, a senior staff member took upon himself the task of conducting this study. He was assisted by a team of dedicated researchers whose names appear in the study report. Dr. Gangadhar Jha, Professor at this Institute provided assistance in the editing and organisation of the final report. I would like to thank all of them for the work that they put in conducting this study. If the suggestions made in this study report can help the Board in better implementing the Regional Plan, 2001, it would be a generous reward to NIUA's efforts in preparing this study.

December, 1989

*Om Prakash Mathur*  
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## I : APPROACH TO THE STUDY

The blueprint for the development of the National Capital Region (NCR) envisages a "balanced development" of the region<sup>1</sup> with a view to reduce the pressures on the national capital. In order to put into effect this objective, the NCR Plan proposes to contain the growth of Delhi, and deflect some of the population to the Delhi Metropolitan Area (DMA) and the Priority Towns<sup>2</sup> (PTs), that may otherwise come to Delhi. According to the NCR Plan, the population of the DMA and PTs taken together needs to be increased from 2.16 million in 1981 to 8.6 million by the year 2001 AD. This implies a demographic growth of about 236 per cent in a couple of decades which seems to be phenomenal by any standard.

The DMA and the PTs can be in a position to attract the population at the envisaged scale through a conscious policy of strengthening of the economic base and provision of urban infrastructures, municipal services and amenities at levels which could be comparable to those of Delhi. This is what the Plan envisages for the DMA towns and the PTs. However, these facilities have their own implications for the operation and maintenance liabilities of the municipal bodies in the area.

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1. Government of India, National Capital Region Planning Board, Regional Plan 2001- National Capital Region, Ministry of Urban Development, New Delhi, 1988.
  2. A list of the DMA and PTs, together with their population in 1981 as also the assigned population in 2001 AD is appended in Annex 1.

Municipal bodies must have the financial wherewithal to operate and maintain the services to be provided in the urban settlements. This raises two very relevant questions :

1. Do the municipal bodies in the DMA and the PTs have the capacity to raise the revenue for maintaining the services according to the standards laid down by the NCR Plan?
2. If they do not have the fiscal capabilities, what are the factors which prevent these municipal bodies from effectively and efficiently utilising the existing financial resources and strengthening their resource base?

The present study has attempted to respond to these questions. Finding a response to the first question requires looking into the existing resource base and mobilisation of financial resources by the municipal bodies within the DMA and the PTs. This, at the same time, also requires identification of the gap between the revenues and the requirement for the existing operation and maintenance expenditures of municipal authorities over a period of time taking into account the additional population to be accommodated through the year 2001 AD. Finding a response to the second question requires identification of the constraints in resource mobilisation and also the policy options for bridging the resource gap. The basic objective of this study is therefore to find ways and means for filling the gap between the requirement of resources and the existing resource base. This can be done by an efficient administration of existing taxes, rates and user charges. If, however, this is not adequate, the option lies in augmenting the local resource base through delegation of additional tax powers, sharing of taxes which have a strong urban bias such as stamp duty, entertainment

tax, and so on, additional and rational devolution by the higher levels of government and by creating financial institutions for augmenting institutional finance.

#### Methodology

The analysis of fiscal capabilities of the municipal bodies and the identification of the resource gap as also the constraints in the mobilisation of resources is based on the data collected from the municipal bodies through a structured questionnaire on various aspects of municipal finances and the standard of various services provided them. For the purpose of data collection and analysis, the financial year 1986-87 has been taken as the reference year as the latest information was readily available only for this year at the time of commencement of this study.

In addition to administering a pre-designed structured questionnaire, the budgets and annual reports of the municipal bodies were also collected for three consecutive years, namely 1984-85, 1985-86 and 1986-87. This has facilitated the analysis of trends and patterns in municipal finances during the three different years. For this purpose only the 'actuals' for the three years have been taken from the municipal budgets.

#### Coverage of the Study

The DMA towns and the PTs together contain 18 local bodies. However, data could not be collected from four of them, namely, NOIDA, Kundli, Dharuhera and Bhiwadi because these settlements do not have municipal bodies as yet. Secondly, NOIDA and Bhiwadi

are basically being developed as industrial townships and the development works have not yet been completed. Moreover, taxes and fees are not being imposed in these two towns. The other two settlements, Kundli and Dharuhera, are still covered by Panchayat Raj institutions. However, the projection of the fiscal gap for the year 2001 AD includes these towns on the assumption that, other things remaining the same, these towns will be able to generate revenues at par with the per capita average of the DMA towns and the PTs.

It is worth mentioning that there exists a great deal of variation in the accounting and budgeting practices in the selected municipal bodies. With a view to facilitate the objective analysis of various dimensions of municipal finances, income and expenditure components have been grouped into uniform divisions and sub-divisions. The item-wise break-up of municipal income and expenditure is given in Annexes II and III respectively.

Per capita municipal income and expenditure for the reference years has been worked out on the basis of the projected populations for 1984, 1985 and 1986. Population projections are based on "Annual Compound growth Rates" for the respective towns and are given in Annex IV.

#### Resource Gap

Identification of the gap between the fiscal capabilities and the required levels of expenditure has been the most important exercise of this study. This gap has been worked out

on the basis of the difference between additional maintenance costs of upgraded levels of municipal services and additional incomes of ordinary nature which may be generated as a result of increase in the population of the towns as also the sale of upgraded levels of services.

The resource gap has been worked out in two phases. The first phase includes the period between 1990 and 1995 whereas the second phase includes the years between 1995 to 2001 AD (the terminal year). The reason for working out the gap in two phases has been the assumption that the capital works required to be undertaken to upgrade the municipal services will be completed in accordance with the strategies adopted by the Eighth (1990-95) and Ninth (1995-2001) Five Year Plans.

In order to work out the maintenance costs of upgraded levels of municipal services, we have first worked out the capital gap on the basis of some recent norms. These norms have been selected through a review of various norms proposed by the National Commission on Urbanisation (NCU), Planning Commission's Task Forces on Housing and Urban Development (II; Financing of Urban Development : 7th Plan), Maintaining Gujarat's Municipal Services: A Long Range Perspective (NIUA: 1986) and Chetan Vaidya's paper for the 8th Plan working group on Water Supply and Sanitation. (A comparative statement of these norms is appended in Annex V). While selecting the norms care has been taken that they should be comparable with the recent trends of investment requirements in the respective services.

As prescribed by the Planning Commission Task Forces on Housing and Urban Development, the maintenance costs have been computed as 10 per cent of capital gap plus debt servicing for the loans taken for the upgradation of municipal services (also refer to Annex VI).

## II : FINANCIAL RESOURCE BASE

As the substantive concern of this study is with the mobilisation of financial resources for the operation and maintenance of municipal services, the municipal resource base has been dealt with in terms of ordinary income only, capital receipts and plan financing being outside the ambit of this chapter. The chapter therefore first analyses the nature and components of the local resource base in the selected towns. Subsequently, it gives a comparative account of the resource base of the various selected municipal bodies in different states of the NCR and finally, it analyses the constraints which inhibit the optimum exploitation of the resource base in the selected towns.

### Components of Local Resource Base

Before analysing the components of the local resource base and its nature in various selected towns, it will be apt to first give a brief account of the study area. As mentioned earlier, the study is concerned with 14 towns (out of a total of 18 towns). These selected towns are located in different states, namely, Haryana, Rajasthan and Uttar Pradesh. Distribution of the 18 selected towns in the different states within the NCR is presented in Table 2.1.

Table 2.1

State-wise Distribution of Selected NCR Towns

State	DMA towns	Priority towns
Haryana	Faridabad-Ballabhgarh	Panipat
	Gurgaon	Rohtak
	Bahadurgarh	Palwal
	Kundli*	Rewari
		Dharuhera*
Rajasthan		Alwar
		Bhiwadi*
Uttar Pradesh	Ghaziabad	Meerut
	NOIDA*	Hapur
	Loni	Bulandshahar
		Khurja

\* Not included for detailed analysis of municipal finances.

At the outset it is worth mentioning that urban development appears in the State List of the Constitution of India. It is therefore the responsibility of the state governments to fund the local authorities. Accordingly, the respective state governments within the NCR have enacted their own Municipal Acts which define the scope and limitations of the financial resource base to be used by the municipal bodies. The resource raising powers of the municipal bodies as specified in the state municipal enactments, can be grouped into three categories :



- Tax Sources
- Non-Tax Sources
- Grants-in-Aid and Share Transfers

Tax Sources

The municipal bodies derive their tax powers from the municipal enactments through which the state governments have delegated to them the powers to impose taxes which have a strong urban bias. Thus, in the state of Haryana, the municipal bodies have been delegated the tax powers by the state government under the Haryana Municipal Act 1973. The relevant acts in the states of Rajasthan and Uttar Pradesh are the Rajasthan Municipality Act 1959 and the UP Nagar Mahapalika Adhiniyam 1959 (for municipal corporations) and the UP Municipality Act 1916 (for municipal Councils). Among the 14 selected municipal bodies in the NCR only Meerut happens to be a municipal corporation. A list of local taxes as delegated to the selected municipal bodies by the respective municipal enactments is given in Annexes VII, VIII and IX.

The acts provide for the imposition of two types of taxes, namely, (i) obligatory taxes, which are compulsorily to be levied by the municipal bodies and (ii) discretionary taxes, the imposition of which, as the name indicates, happens to be at the discretion of the municipal bodies. However, the UP Municipality Act 1916 does not provide any such distinction. It defines the taxes to be imposed as discretionary in nature so that there is no element of compulsion in the imposition of taxes. Barring the UP Municipality Act (UPM Act), the other three Acts including the

UP Nagar Mahapalika Adhiniyam 1959 provide for the imposition of three obligatory taxes. The number of discretionary taxes varies from eight in UP to 10 in Rajasthan and 14 in Haryana. These acts, however, provide that the respective state governments may, at any time, either assign a new tax to the municipal bodies or withdraw the power to impose any of the existing taxes.

The types of obligatory and discretionary taxes vary a great deal in the three concerned states. Some of the salient features are however given below :

- a. The Municipal Acts in the three states provide for a tax on land and buildings (generally known as house/general/holding/property tax).
- b. Service taxes such as water tax, drainage tax, conservancy tax and scavenging tax that use land and buildings as the base. These taxes form part of discretionary taxes in Rajasthan and Haryana. In UP these taxes form part of the 'property taxes' under the provisions of the UP Nagar Mahapalika Adhiniyam 1959.
- c. Besides the tax on land and buildings, the list of obligatory taxes in Rajasthan and Haryana includes octroi. In UP this is, however, a discretionary tax. Another obligatory taxes in Rajasthan is a tax on professions as is the duty on the transfer of property in Haryana. In UP the other obligatory taxes are (i) a tax on animals (used for riding and driving) and (ii) a tax on vehicles (other than motor vehicles).

#### Actual Use of Tax Powers

It is important to point out that the mere provision of a tax in the enactments does not necessarily mean that the municipal bodies actually use them. The extent of taxes actually imposed by the municipal bodies therefore, varies a great deal in the three states of the NCR. The use of tax powers vis-a-vis the

statutory provisions in the NCR towns is given in Annexes X, XI and XII. Specific features of realisation of tax powers are given below.

- The municipal body in Alwar in Rajasthan levies only two taxes, namely, the general tax and the octroi, out of the long list of 13 taxes permitted by the relevant Act.
- The municipal bodies within the DMA and the PTs in Haryana levy only six taxes out of a total number of 13 taxes allowed under the relevant Act.
- In UP the municipal bodies levy eight out of 15 taxes that are permitted.
- The statutory provision for the assignment of any new tax to the municipal bodies seems to have been used only in UP where the state government has provided for the imposition of 'Projection tax' by the municipal bodies.

#### Tax Rates

The rates at which taxes can be levied by the municipal bodies are decided by the respective state governments who are empowered by the municipal enactments to finally decide, modify and approve the tax rates and also the method of collection. Accordingly, the state governments either prescribe a fixed rate at which a tax has to be levied or provide for a range of tax rates with specified minimum and maximum rates within which the municipal authorities can manoeuvre the tax rates.

Octroi and property tax together constitute the mainstay of municipal finance in the NCR as elsewhere.

Octroi/Toll

This is the most important and elastic source of revenue for the municipal authorities. Octroi and Toll are the checkpost based taxes. Octroi is imposed on goods entering the municipal limits for consumption, use or sale. On the other hand toll is levied on the vehicles entering the municipal limits. Although, the selected municipal bodies levy either of these or two taxes, the rate varies in accordance with the schedule approved by the respective states.

Property Tax

This tax is imposed by the municipal bodies in all the selected towns of the NCR. The tax is levied on the gross value of the property which is either the rental value or the capital value of land and buildings. The Annual Rateable Value (ARV) is calculated as a fixed percentage of annual rental value or capital value which is normally 90 per cent and 9 per cent respectively.

A great deal of variation is found in the tax rates not only in the three states of the NCR but also amongst the various DMA towns and PTs selected for this study (Table 2.2) though the base of this tax happens to be the same (Table 2.3).

Table 2.2  
Rate Structure of Property Taxes in  
Selected NCR Towns, 1986

(as % of ARV)

Town	Property Taxes				Total
	General/house/ consolidated tax	Rates applied since	Water tax	Sewer/conser- vancy tax	
<b>DMA Towns</b>					
Faridabad	10.00	N.A.	-	-	12.50
Ghaziabad	10.00	1988	10.00	-	20.00
Gurgaon	12.50	1980	-	-	12.50
Bahadurgarh	12.50	N.A.	-	-	12.50
Loni	8.00	1977	10.00	-	18.00
<b>Priority Towns</b>					
Meerut	10 (upto an ARV of Rs.3000) 12.5 (For an ARV of Rs.3000 + )	1977		4.00	14.50- 16.50
Rohtak	10.00	1935	-	-	12.50
Alwar	6.25 (ARV Rs.601-1200) 7.50 (ARV Rs.1201 + )	1976			6.25-
Panipat	12.50	N.A.	-	-	12.50
Bulandshahar	6.25	1957	6.25	-	14.00
Hapur	5.00	1970	10.00	2.00	17.00
Khurja	7.00	1966	7.00	-	14.00
Rewari	12.50	1977	-	-	12.50
Palwal	12.50	1982	-	-	12.50

N.A.= Not Available, ARV = Annual Rateable Value

Note: Municipal acts in Uttar Pradesh (except for UP Nagar Mahapalika Adhiniyam 1959 which provides for a limit of 15 to 25 per cent of ARV) and Rajasthan do not provide for any limit of property tax rates. However, the Haryana Municipal Act 1973 provides for a rate of 12.5% of ARV for the municipalities having the status of Class A and Class B and 10% of ARV for Class C municipalities.

Source: NIUA Survey 1988.

Table 2.3

Property Tax Base in Selected NCR Towns as Existing in 1986

Towns	Residential/ Commercial use	Industrial use
<b>DMA Towns</b>		
Faridabad	RV	CV
Ghaziabad	RV	CV
Gurgaon	RV	CV
Bahadurgarh	RV	CV
Loni	RV	CV
<b>Priority Towns</b>		
Meerut	RV	CV
Rohtak	RV	CV
Alwar	RV	CV
Panipat	RV	CV
Bulandshahar	RV	CV
Hapur	RV	CV
Khurja	RV	CV
Rewari	RV	CV
Palwal	RV	CV

RV : Rental Value (Annual)      CV : Capital Value.

A close look at Table 2.2 reveals some interesting facts :

- The consolidated rate (consisting of property tax and other service taxes) varies from a minimum of 6.25 per cent of the ARV in Alwar in Rajasthan to a maximum of 20 per cent in Ghaziabad in UP. It, thus, indicates interstate variations within the NCR.

- Alwar has the lowest level of taxation. It also happens to be one of the two towns (the other being Meerut, UP) with a discriminatory tax rate where properties with an ARV of Rs.600 to Rs.1200 are taxed at 6.25 per cent of the ARV; for properties with an ARV exceeding this limit, the rate increases marginally to 7.5 per cent. In Meerut the graduation in the tax rates includes a 10 per cent rate for properties having ARV up to Rs.3000, for properties with an ARV exceeding this limit, the rate increases marginally to 12.5 per cent.
  
- In Haryana all the municipal bodies levy the tax at a uniform rate of 12.5 per cent of the ARV except for the municipal bodies at Faridabad and Rohtak. These towns apply a lower rate of 10 per cent of ARV. The reason for such a lower rate is attributed to the fact that in Rohtak the rates have not been revised since 1935 whereas in Faridabad the existing rates are the same as in the years prior to 1971 when the complex administration was established by merging the municipalities of Faridabad old and new townships and Ballabgarh. All these municipal bodies used to enjoy the status of Class C for which the prescribed rate was 10 per cent of ARV. However the existing status of both these towns being Class B make them eligible to apply the higher rate, namely, 12.5 per cent of ARV.
  
- In UP there exist variations in the general house tax rates as well. These vary from a minimum of the five per cent in Hapur to 10 - 12.5 per cent in Meerut. The variations in

water tax are between 6.25 per cent of the ARV in Bulandshahar and 10 per cent in Ghaziabad, Loni and Hapur. So is the case with respect to the sewer/scavenging tax which varies from two per cent to four per cent. There are two reasons for such variations in the property tax rates in Uttar Pradesh. Firstly the UP Municipality Act does not provide for a fixed limit of property taxes. Secondly the revisions have not been made in an uniform manner. Except for Ghaziabad all other towns belonging to UP have not revised their rates for several years.

- Meerut being the municipal corporation should be governed by UP Nagar Mahapalika Adhiniyam 1959. As against this, the rates for property taxes in Meerut can be raised anywhere between 15 to 25 per cent of ARV.
- Service taxes are not imposed in the selected towns in Haryana and Rajasthan.

#### Property Tax System : The Constraints

The property tax administration in the selected NCR towns suffers from the following three constraints :

- i. There is found to be an erosion in the property tax base owing to the operation of rent control laws. The operation of rent control laws has considerably depressed the base of this tax. The "reasonable annual gross value" is not the market value but the standard rent as determined according to the provisions of the rental laws.



- ii. Another constraint relates to the extent of coverage of the base of this tax. Normally, vacant land is not adequately covered by this tax. Secondly, all properties with an ARV of less than Rs. 300 are exempted from property taxes. Thirdly, certain other types of properties such as religious places, charitable and educational institutions are also exempted.
  
- iii. Yet another constraint is the valuation and assessment procedure. Firstly, a substantial proportion of additions and alterations brought about in the properties are not properly reported. Secondly, the distortion of the rental market because of underhand practices of pugree (key money) and advances does not allow an assessment of the real rental values of properties. The base of this tax thus gets depressed further. Thirdly, the valuation and assessment of the property tax is not revised as stipulated in the relevant acts and bye-laws. Table 2.4 gives an account of delays in revision of valuation and assessment.

Table 2.4

Revision of the Property Taxes in the Selected NCR Towns

Towns	Latest Revision (year)	Revision delayed (Yes/No)
<b>DMA Towns</b>		
Ghaziabad	1979	Yes
Gurgaon	1st April, 1985	No
Loni	15th Sep., 1973	Yes
<b>Priority Towns</b>		
Meerut	1st April, 1965	Yes
Rohtak	1969-70	Yes
Alwar	1986-87	No
Panipat	March, 1983	No
Bulandshahar	1st April, 1986	No
Hapur*	1st April, 1986	No
Khurja	1986	No
Rewari	1982-83	No
Palwal	1983	No

\* The revision made in Hapur has been stayed by the UP High Court as per its stay order dated 12.5.87. Thus 1974, being the year of last assessment remains the effective year of assessment.

The net result of all these factors taken together is that the base of this tax is considerably depressed.

Non-Tax Sources

The non-tax sources include a variety of items such as fees, fines, rents, return from remunerative schemes, user charges and other petty miscellaneous receipts. Except for the user charges and the rents from the municipal properties, the other non-tax sources fetch very small amounts and do not have much scope for further mobilisation of resources.

User Charges

Water supply is the only municipal service which is priced directly by the imposition of a user charge on it. Other urban services which are directly charged are city transport and electricity supply which are not provided by the selected municipal bodies. Water charges in the selected towns of the NCR are presented in Table 2.5.

The salient features of the water tariffs in the selected towns are presented below :

- a. Water supply is not provided by the municipal body in Alwar in Rajasthan.
- b. In the remaining towns water supply is being provided by the municipal bodies for which a differential tariff is charged for different types of uses.

Table 2.5

Water Tariff in Selected NCR Towns as Existing in 1986

Town	Residential		Non-Residential	
	Metered (Per KL)	Flat Rate (Rs.Per annum)	Commercial (Per KL)	Industrial (Per KL)
<b>DMA Towns</b>				
Faridabad	35 paise	144	60 paise	1 Rs.
Ghaziabad	60 paise	120	Rs. 1.10	1.10 Rs.
Gurgaon	35 paise	144	35 paise	1 Rs.
Bahadurgarh	35 paise	144	35 paise	1 Rs.
Loni	-	50 (Rs.)	-	-
<b>Priority Towns</b>				
Meerut	45 paise	120	65 paise	65 paise
Alwar	NOT MAINTAINED BY MUNICIPAL BODY			
Panipat	35 paise	144	60 paise	1 Rs.
Bulandshahar	1 Rs.	120	1 Rs.	1 Rs.
Hapur	45 paise	120	65 paise	65 paise
Khurja	45 paise	120	65 paise	65 paise
Rewari	-	144	60 paise	1 Rs.
Palwal	35 paise	144	60 paise	1 Rs.

c. All the municipal bodies in Haryana impose an universal tariff of 35 paise per kilo litre (KL) for domestic use wherever water meters have been installed. In other cases a flat rate of Rs. 144 per annum is charged. Water supply for industrial use is universally charged at the rate of Rs. one per KL. Tariffs for commercial use vary a great deal in

different towns in Haryana. It varies from 35 paise per KL in Gurgaon and Bahadurgarh to 60 paise in Faridabad, Panipat and Palwal. In Gurgaon and Bahadurgarh the tariff for commercial use is the same as that for domestic use.

- d. In UP as well there exists a great deal of variation in the water charges amongst the selected towns. However, the tariffs charged for domestic use are higher than in Haryana though a lower flat rate exists for domestic use. In Bulandshahar, differential rates are not charged for different types of uses. Water is charged at the rate of Rs. one per KL irrespective of the use. In Hapur and Khurja the water charge for non-domestic use is only marginally higher (65 paise per KL) than the domestic use (45 paise per KL). It is worth mentioning that in UP the municipal authorities besides using the user charges on water supply, also levy a water tax (Table 2.2) which, as mentioned earlier, varies from 6.25 per cent to 10 per cent of the ARV.

#### Grants-in-Aid

The municipal bodies in the selected towns of the NCR receive grants-in-aid from the concerned state governments in accordance with pre-determined criteria. These vary from state to state as per the practices prevailing in the respective states. Among the three states of the NCR, Haryana gives specific purpose grant only. However in UP, apart from the specific purpose grants, general purpose grants are also being given by the state government. In Rajasthan the municipal bodies

in the selected towns get grants-in-aid in a block which is not tied to the performance of any specific function.

The types and nature of grants-in-aid given in the different states is shown in Table 2.6.

Table 2.6

Nature of Grants Disbursed by the Respective States  
in Selected NCR Towns in 1986-87.

Haryana	Rajasthan	Uttar Pradesh	
Specific purpose	General purpose	General purpose	Specific purpose
Water supply schemes	(To all the municipal bodies) @ Rs. 5 per capita	Sharing of the salaries of the staff*	Road grant
Sewerage			Lighting grant
Slum clearance scheme			Drainage grant
Revenue earning schemes			Others

\* Salaries (Basic + Dearness Allowance and other emoluments of the municipal staff in UP are shared on the basis of :

<u>Class of Municipalities</u>	<u>% of Emoluments Reimbursed by State</u>
I, II & III	25
IV	30
V & VI	35

It is worth mentioning that the quantum of specific purpose grants given in UP and Haryana do not have a rational basis and are given on an ad hoc basis. The following considerations are generally of paramount importance in giving specific purpose grants :

- i. the ability of the municipal bodies to identify their needs,
- ii. the political and bureaucratic push enjoyed by the local body, and
- iii. the availability of funds with the state government.

The general purpose grant given in Rajasthan is based on the population. The municipal authorities get this grant at the rate of Rs. five per capita which is significantly low. Moreover, this grant is given on the basis of the population figures of the 1981 census.

#### Shared Taxes

Some important taxes which have a pronounced urban bias are being levied and collected by the state governments in all the three states of the NCR. These taxes are (a) entertainment tax, (b) sales tax, (c) motor vehicles tax and (d) stamp duty. In Haryana stamp duty is collected by the municipal authorities as well. It is collected at the rate of two per cent of the transactions of immovable properties. The proceeds from the entertainment tax are shared by the municipal bodies in Rajasthan and UP only. However, the amount of the shared tax given to them has not increased commensurate with the increase in the proceeds from this tax. For instance, in Rajasthan the share from the proceeds of this tax has increased from Rs.9 lakhs in 1959-60 to Rs.17 lakhs in 1984-85. As against this the proceeds of this tax in Rajasthan have increased from Rs.19 lakh in 59-60, to Rs.11 crore in 1984-85. In UP the amount transferred by the state government to its 'Department of Urban Development' has not been revised since 1955. It is worth mentioning that there are no

norms for the distribution of this fiscal transfer to the various local bodies in the respective states.

#### Resource Information System

Efficient tax administration and financial management call for a well-oiled information system in the municipal authorities. The existing information system in the selected NCR towns suffers from lack of data on the demand and collection of property taxes on a year to year basis, the distribution of assessed properties according to ARV for residential use as also non-residential use, the type and location of properties, number of properties below the exemption limit of this tax by land use and ARV, number of metered and unmetered water connections, number of meters not working, the number of public stand posts, the quantum of water supplied for different uses, the proportion of total municipal expenditure on establishment, operations and maintenance and development works and so on.

Deficiencies and gaps in the information system prevent the proper administration of taxes and fees and also hamper financial planning even in a rudimentary form.

#### Existing Accounting and Budgeting Practices

The municipal bodies follow the budgeting and accounting practices prescribed by the state governments. Hence there is a great deal of variation between the selected towns of the NCR in this regard. However, the deficiencies and gaps in budgeting practices are broadly found to be similar in the three states. These are outlined below :



- i. There is no separate account for capital works with the result that budgetary transfers from capital account to general account happen to be a regular feature promoting financial indiscipline among the municipal bodies.
- ii. Both the budgetary estimates of revenues and the allocation of expenditure under various heads are based on the incremental approach without any rational basis with the result that there appear to be marked differences between actual and estimated figures.

The foregoing analysis of the delegation of tax powers by the state governments, actual utilisation of these powers, administration of tax and non-tax sources by the municipal bodies and the system of grants-in-aid and fiscal transfers reveals a great deal of variation in the three states of the NCR. These get reflected in the following :

- i. The municipal bodies in the selected towns have not yet exhausted all the tax powers delegated to them by the state legislation in all the three states concerned. The municipal authorities in the selected towns in Rajasthan levy only two taxes and those in Haryana levy only six taxes against a list of 13 taxes to be used by them. In UP they are presently using only eight taxes against the 15 taxes delegated to them.

- ii. There appears to be a great deal of variation in the general house tax rate in the selected towns. In about 50 per cent of the towns the existing tax rate is much lower than the maximum rate (12.5%) obtaining in the remaining towns.
- iii. Despite legal provision for the imposition of service taxes by the municipal authorities in Rajasthan and Haryana none of the selected towns is presently levying and service tax.
- iv. User charges for water supply are considerably lower especially for non-domestic use.
- v. The legal (rent laws) and administrative systems (lack of periodical review of valuation and assessment) have led to considerable erosion of the property tax base.
- vi. Grants-in-aid and fiscal transfers do not have any rational basis; they are at most ad hoc. The prevalence of specific purpose grants does not provide, a systematic financial support to the general budget for allocating funds to the local priority areas.
- vii. The municipal bodies do not even have the basic data for efficient tax administration and for introducing financial planning. Their budgeting practices are outdated and are not related to financial accountability.

### III: FINANCIAL RESOURCE POSITION

Income and expenditure happen to be the crucial factors influencing the level of services in any local jurisdiction as also for the proper operation and maintenance of municipal services. It would therefore be apt to look into the fiscal health of the selected DMA towns and PTs in terms of trends in income and expenditure. This will enable an objective understanding of the fiscal capabilities for the operation and maintenance of services and will also throw light on the constraints in this regard, if any.

#### Levels of Municipal Income and Expenditure

Some of the key indicators of municipal finances in the selected towns indicate that municipal finance is in a shambles in the selected towns of the NCR. For example, the average per capita income of all the DMA and priority towns taken together in 1986-87 was Rs. 127; the per capita expenditure being Rs. 111. These figures are found to be even lower than the all-India averages in 1983-84. The per capita revenue at constant prices at the national level in 1983-84 was Rs. 156; the per capita expenditure Rs. 151<sup>1</sup> (Table 3.1; see also Table A:1).

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1. NIUA, Nature and Dimension of Urban Fiscal Crisis, Research Paper No. 18, New Delhi, 1987.

Table 3.1

Levels of Per Capita Average Income and Expenditure  
in Selected NCR Towns in 1986-87  
as Compared to Other Levels

Item	Selected NCR towns			All India	MCD	Zakaria Committee Norms
	DMA towns	Priority towns	All towns			
Ordinary income	138	118	127	156	264	267
Ordinary expenditure	124	100	100	151	256	267

1. Nature and Dimension of Urban Fiscal Crisis; NIUA, 1987. (Updated to 1986 levels on the basis of Urban Non-manual-CPI).
2. Financial Management of Local Bodies in the Union Territory of Delhi; NIUA (Unpublished) 1988.
3. Zakaria Committee Norms for 2 million cities updated to 1986 levels.

There is thus a great deal of variation from the all-India average. This apart, the finances of the municipal bodies in the selected DMA towns and PTs do not compare favourably with those of the Municipal Corporation of Delhi (MCD) under whose shadow these municipal bodies are supposed to provide and maintain the municipal services. It is obvious from Table 3.1 that the average per capita income of all the municipal bodies in the DMA towns and PTs (Rs. 127) is less than half the per capita income of the MCD as also the Zakaria Committee norms for 2 million+ cities. The situation is the same in the case of average per capita expenditure.

Disparities exist even amongst the DMA and priority towns. The level of income and expenditure in the DMA towns is found to be higher than in the priority towns. In the DMA towns the per capita income in 1986-87 stood at Rs.138 as compared to Rs. 124 in the PTs. The expenditure levels show a similar trend, the corresponding figures being Rs. 118 and Rs. 100 for the DMA towns and PTs.

Income and Expenditure Levels in Individual Towns

The per capita income and expenditure of the municipal bodies in the selected DMA towns and PTs is given in Table 3.2

Table 3.2

Distribution of Selected NCR Towns as per their Rank in the Levels of Population vis-a-vis Per Capita Ordinary Income

Towns	Estimated Population in 1986		Per capita income and expenditure in 1986-87			
	Persons	Rank	Income (Rs.)	Rank	Expenditure (Rs.)	Rank
Faridabad/						
Ballabgarh	543056	1	142	5	140	2
Meerut	507499	2	147	3	132	3
Ghaziabad	395653	3	143	4	119	4
Rohtak	192812	4	148	2	73	12
Alwar	175709	5	60	13	64	13
Panipat	172683	6	106	8	91	7
Bulandshahar	136373	7	101	9	78	9
Hapur	123532	8	77	12	93	6
Gurgaon	111279	9	122	6	81	8
Khurja	77575	10	85	11	75	10
Rewari	55890	11	183	1	188	1
Palwal	54110	12	88	10	74	11
Bahadurgarh	45178	13	117	7	94	5
Loni	11319	14	51	14	64	13

Source : NIUA Survey : 1988.

A look at the ordinary income in per capita terms reveals that it is higher in the larger towns (Faridabad, Meerut, Ghaziabad, Rohtak, Alwar, Panipat, Bulandshahar, Hapur and Gurgaon) in accordance with their population size. Loni which is the smallest town also has the lowest per capita revenue. However, no such pattern is discernible as far as the per capita expenditure is concerned. Thus Rewari, which occupies eleventh rank with respect to population, has the highest per capita expenditure among all the DMA towns and PTs. Rewari also presents an interesting trend of continuous increase in its per capita expenditure between 1984-85 and 1986-87 (Table B:3). This can be explained in terms of its slow demographic growth. The decennial growth rate as revealed by the 1981 census was only 17.49 per cent. Barring Rewari, the trend of per capita expenditure in the other large size towns is similar to that of per capita revenue. For example, Faridabad, Meerut, and Ghaziabad also have per capita expenditure in accordance with their ranks on the basis of population. This does not hold good for the other towns.

Growth in total revenue income between 1984-85 and 1986-87 is presented in Table A:1. Here again there is no distinct pattern in the growth of revenue either in the DMA towns or the PTs.

Of the five DMA towns, only three have shown continuous growth in total revenue income. These are Faridabad, Ghaziabad and Bahadurgarh. In Gurgaon and Loni the growth is not found to be uniform. The highest growth rate over the previous year's

amount is exhibited by Gurgaon where the revenue income has increased from -3 per cent in 1985-86 to 41 per cent in 1986-87. This is followed by Ghaziabad.

Among the priority towns, with the exception of Rohtak, Alwar and Khurja, all the towns have shown a positive and consistent rate of growth in revenue income. It is worth noting that in five of the 14 selected towns, the growth in revenue has been negative (Gurgaon, Loni, Rohtak, Alwar and Khurja). In another five towns the growth has been uneven (Bahadurgarh, Panipat, Bulandshahar, Hapur and Rewari). In one town (Faridabad), the growth has been just marginal (from 8% to 9%). Thus, only in three towns the growth in revenue is found to be positive (Ghaziabad, Meerut and Palwal).

Growth in revenue expenditure in the selected towns is presented in Table B:1. Here again no definite trend is apparent. Amongst the 14 selected towns, expenditure is found to have registered a positive annual rate of growth in only four towns (Ghaziabad, Meerut, Bulandshahar and Rewari). In Rewari the growth is at most marginal. Of the remaining ten towns, as many as six have shown negative growth rates in certain years (Bahadurgarh, Loni, Rohtak, Khurja, Palwal and Gurgaon). In the other four towns, the rate of growth in expenditure has declined. It is worth noting that except for Palwal where the rate of growth in expenditure is found to be negative despite a positive increase in the rate of growth of revenue income, in all the other four towns of this group the growth rate of revenue income is found to be negative in certain years.

Income and expenditure data for the selected towns are presented in Table A:1 for an analysis of the relationship between the two. It is distressing to note that amongst the 14 selected towns, as many as 10 municipal bodies are found to have been incurring deficits in certain years. These are Faridabad, Bahadurgarh, Loni, Meerut, Alwar, Bulandshahar, Hapur, Khurja, Rewari and Palwal. Of these, the municipal bodies in Loni and Hapur are found to be in the red right from 1984-85 to 1986-87. Only four municipal bodies (Ghaziabad, Gurgaon, Rohtak and Panipat) have shown a surplus indicating a better financial situation.

Distressing trends in revenues and expenditures can be explained by certain exogenous and endogenous factors. The ad-hoc and irregular nature of grants-in-aid and delayed disbursement of grants as well as transfers by the state government are the exogenous factors. To give only one illustration, Bulandshahar municipal body was given a substantial specific purpose grant-in-aid for roads to the extent of Rs. 20 lakhs in 1986-87 which is Rs. 10 lakhs more than the previous year's amount for the same purpose. In the same year it received a sum of Rs. two lakhs as road lighting grant. In the year 1985-86, it did not receive any such grant.

Amongst the endogenous factors, the most important is inconsistency in tax collection and the mounting tax arrears. The recovery ratios of property taxes, for example, in the selected towns vary from only 22 per cent in Loni to 59 per cent in Palwal in the year 1986-87 (Table 3.4) As mentioned



earlier, these factors have contributed to the weak fiscal capabilities of the municipal bodies in the selected towns in the NCR. This fragile fiscal health has its own implications for the delivery of municipal services. It is in this context that the need to maintain a consistency in the level of municipal income and expenditure assumes importance.

#### Municipal Services : A Comparison

Water Supply and waste disposal (both solid and liquid) are the only services which fetch some revenue for the municipal bodies. The expenditure on these as also the revenues derived are presented in Table 3.3 in per capita terms. It is obvious from this table that only one municipal body (Rohtak) among the 14 municipal bodies in the selected DMA towns and PTs is able to break even in water supply. The local body in Gurgaon is close to the break-even point as its receipts cover 94 per cent of the expenditure incurred on water supply. It is worth noting that amongst the 13 municipal authorities (excluding Rohtak) only two are able to meet more than 75 per cent of the expenditure incurred on water supply.

With respect to waste disposal, the revenue accrues on account of the sale of liquid and solid wastes. As is obvious from Table 3.3 the revenue generated by this is insignificant. In many towns, the municipal bodies are not generating any revenue at all.

Table 3.3

Income-Expenditure Comparisons on Account of the Maintenance  
of Individual Services in 1986-87

Towns	Per capita receipts			Per capita expenditure						Receipts as % of expenditure**		
	WS*	WD	Total	WS	WD	PW	SL	REC	Total	WS	WD	Total
<u>DMA</u>												
Faridabad	5	1	6	28	17	27	12	10	94	18	6	6
Ghaziabad	2	-	2	18	7	28	24	2	79	11	-	6
Gurgaon	17	2	19	18	9	22	8	3	60	94	22	32
Bahadurgarh	10	1	11	19	9	5	3	2	38	53	11	29
Loni	3	-	3	8	11	20	1	-	40	38	-	8
<u>PRIORITY</u>												
Meerut	8	1	9	18	17	3	41	1	80	44	6	11
Rohtak	11	5	16	11	13	1	6	11	42	100	38	38
Alwar	-	2	2	-	12	3	4	Neg.	19	-	17	11
Panipat	12	1	13	14	11	16	6	4	51	86	9	25
Bulandshahar	2	-	2	7	25	29	3	1	65	29	-	3
Hapur	3	Neg.	3	13	33	26	2	1	75	23	-	4
Khurja	3	-	3	5	45	2	4	Neg.	56	60	-	5
Rewari	6	-	6	30	4	7	7	2	50	20	-	12
Palwal	11	1	12	16	6	1	4	2	29	69	17	41

WS - Water Supply

WD - Waste disposal

PW - Public Works

SL - Street lighting

\* This amount includes the per capita receipts from sale of water.

Rec - Recreation

\*\* This section includes only two services, namely, water supply and waste disposal. The remaining services are not included as they do not show any receipts.

Source : NIUA survey : 1988

Having analysed the overall trends in revenue and expenditure and the relationship between the two, let us now turn to an analysis of the components of revenue income.

#### Components of Revenue Income

The contribution of the various components of revenue income to the total revenues as also the per capita ordinary income from the different sources are given in Tables A:2 and A:5. A look at Table A:2 reveals that taxes happen to be the largest component of revenue income in all the towns except three, namely, Bulandshahar, Loni and Khurja. In Loni, it is the non-tax sources and grants which are playing a significant role. In the other two towns, it is the grant which is the most important component of revenue receipts. Next to tax sources and grants, the receipt from non-tax sources is quite significant in Gurgaon, Bahadurgarh, Bulandshahar, Hapur and Khurja.

As taxes form the most important source of revenue income, it will be apt to have a closer look at them in order to comprehend the revenue raising capabilities in the selected municipal bodies.

#### Income from Taxes

In per capita terms, the receipt from tax sources happens to be the largest in all the towns except again in Loni, Bulandshahar and Khurja (Table A:5). Nevertheless, there is a great deal of variation in the per capita receipts in the selected towns. Among the various taxes, property tax and octroi constitute the two most important. As a proportion of

tax income, the receipts from these two taxes ranged between 93 per cent and 100 per cent in 1986-87 (Tables A:4 and A:6).

Octroi/toll happens to be one of the most important sources of revenue for the local bodies in the DMA towns and PTs. This is evident from the fact that over 70 per cent of the tax incomes of most of the municipal bodies is derived from this source (Tables A:6 and A:7).

Property tax is yet another very important source of revenue. Income from this source constitute about 20-25 per cent of tax income. However, in per capita terms, the income from property tax varies from town to town and even within one town from year to year. During the reference years the per capita income from property tax was found to be ranging from Rs. 5 in Alwar to Rs. 46 in Ghaziabad (Table A:7). Factors such as land values and prices, rental values, rate structure, valuation and assessment practices, collection efficiency and so on are the important factors which are instrumental in the yield from this tax. Deficiencies with respect of any one of these factors or all factors may be the root cause of the variation in per capita income from this tax.

A look at Table 3.4 however, indicates that everything is not well with the collection machinery of the municipal bodies. Not a single local body has been able to collect more than 60 per cent of the demand in 1986-87. The situation is thus deplorable

in all the towns. But it is very serious especially in Loni, .pa Gurgaon and Khurja where the municipal authorities have not been able to collect even half of the total demand.

Table 3.4  
Recovery Ratios of Property Taxes  
in Selected Towns in 1986-87

Responding	Property tax demand* ('000 Rs.)	Property tax collections ('000 Rs.)	Collection as % of demand
Ghaziabad	34257	17597	51
Gurgaon	6353	2495	39
Loni	786	176	22
Hapur	3217	1342	42
Khurja	1459	560	38
Palwal	1484	881	59

\* This demand includes the current demand as well as arrears. This information has not been reported by the municipal bodies of the other selected towns.

Source: NIUA Survey 1988.

Table 3.5

Property Tax Rates vis-a-vis Per Capita Yield in DMA  
and Priority Towns in 1986-87

Towns	General/consolidated/house tax			Service taxes**			All taxes put together		
	Rate*	Per capita yield (Rs.)	Rank	Rate*	Per capita yield (Rs.)	Rank	Rate*	Per capita yield (Rs.)	Rank
<u>DMA Towns</u>									
Faridabad	10.0	29	1	-	-	-	10.0	29	2
Ghaziabad	10	30	2	10	16	1	20.0	46	1
Gurgaon	12.5	22	3	-	-	-	12.5	22	3
Bahadurgarh	12.5	14	4	-	-	-	12.5	14	5
Loni	8	6	5	10	10	2	18	16	4
Average PC for DMA Towns = Rs. 33/-									
<u>Priority Towns</u>									
Meerut	10-12.5	15	4	4	1	4	14-16.5	16	3
Rohtak	10.0	17	2	-	-	-	10.0	17	2
Alwar	6.25-7.5	5	6	-	-	-	6.25-7.5	5	6
Panipat	12.5	24	1	-	-	-	12.5	24	1
Bulandshahar	6.25	6	5	6.25	5	2	12.5	11	4
Hapur	5	4	7	2	7	1	7	11	4
Khurja	7	4	7	7	3	3	14	7	5
Rewari	12.5	16	3	-	-	-	12.5	16	3
Palwal	12.5	16	3	-	-	-	12.5	16	3

\* % of Annual Rateable Value

\*\* Service Taxes are levied in UP towns only on account water and drainage taxes.

Source : NIUA Survey : 1988

It is worth noting from Table 3.5 that on an average, the per capita yield of property tax in the DMA towns seems to be a little better (Rs. 33) than the average for the priority towns (Rs.14). The relatively better economic base of the DMA towns owing to their proximity to Delhi appears to be the factors which can explain the better yields from this tax.

It is equally important to note from Table 3.5 that there is a positive relationship between the property tax rates and the per capita yield. Ghaziabad which has the highest rate of this tax (24%) also happens to be the town with the highest per capita yield (Rs. 46). As against this, in Alwar the yield is the lowest (Rs. 5) as the prevailing tax rate happens to be only five per cent of the ARV. Hence, there is scope to rationalise the rate structure of property taxes in the DMA towns and the PTs.

#### Non-Tax Sources and Grants-in-Aid

Non-tax sources alongwith the "miscellaneous" sources happen to be the second largest source of income especially in the selected towns in Haryana. In U.P., however, their place is next to the grants-in-aid and fiscal transfers from the state government (Tables A:3, A:5 and 3.6). In Rajasthan, Alwar the only selected town from this state also exhibits a large proportion of grants as compared to non-tax sources. The variation in the significance of non-tax sources and grants may be explained by the fact that the municipal bodies in U.P. receive a fixed proportion of the wages and salaries of their existing staff; the municipal body in Alwar receives a general

Table 3.6  
Incidence of Ordinary Grants in Selected NCR  
Towns during 1984-85, 85-86 and 86-87

Towns	Components of ordinary grants					
	% of ordinary income			per capita (Rs.)		
	84-85	85-86	86-87	84-85	85-86	86-87
<u>DMA Towns</u>						
Faridabad	2	3	2	3	4	2
Ghaziabad	22	18	25	21	18	35
Gurgaon	7	3	5	7	3	6
Bahadurgarh	2	12	3	2	14	3
Loni	45	43	29	20	18	15
<u>Priority Towns</u>						
Meerut	NA	36	29	NA	37	43
Rohtak	39	30	23	57	35	34
Alwar	10	7	7	6	4	4
Panipat	5	9	6	4	10	7
Bulandshahar	43	49	51	25	38	52
Hapur	35	36	24	18	25	19
Khurja	45	51	48	37	48	41
Rewari	9	11	14	13	20	25
Palwal	12	5	8	9	3	7

NA = Not available



purpose grant which is in the form of a transfer of a regular nature. As against this, the municipal bodies in Haryana receive specific purpose grants which are rather ad hoc in nature. Secondly, the municipal bodies in Haryana collect stamp duty on the transfer of immovable properties whereas the municipal bodies in U.P. and Rajasthan do not levy any such duty.

Having examined the trends in revenue income and its components, it would be desirable to analyse how these revenues have been spent and what has been the pattern of expenditure.

#### Pattern of Expenditure

The revenue expenditure of the municipal bodies in the DMA towns and PTs under various heads is presented in Table B:1. It is obvious from this table that of all the different heads of expenditures Public Health is the single most important accounting for the largest share of revenue expenditure in both DMA towns and PTs. For example, in 1986-87, it accounted for almost 50 per cent of the total municipal expenditure in these towns. This is followed by expenditure on Public Works (21%), General Administration and Collection of Revenues (13%), Public Safety (8%), and Recreation (4%). Primary Education does not appear as a head of expenditure in any of the towns in UP and Rajasthan. It is probably taken care of by the respective state governments.

### Public Health

The public health components of municipal services include water supply, waste disposal, scavenging and preventive health. In view of its importance, the expenditure on public health in the selected towns has been accounting for 48 per cent of the expenditure of the DMA towns and about 51 per cent of that of the PTs in 1986-87. However, as in the case of other services, wide variations are observed in terms of average per capita expenditure of the DMA towns and PTs which varies from Rs. 51 in the priority towns to Rs. 60 in the DMA towns in 1986-87 (Table 3.7).

Even though Public Health happens to be the most expensive services in the DMA towns and the PTs, it does not compare favourably either with the per capita expenditure of the MCD (Rs.156 in 1986-87) or with the Zakaria Committee norms updated to 1986 levels (Rs.159). The per capita expenditure on Public Health in the selected towns varies from Rs. 29 in Gurgaon to Rs. 67 in Khurja. The feasibility for maintenance of services by the municipal bodies in the NCR towns at a level comparable to Delhi appears to be a far cry if requisite policy measures are not taken to improve the fiscal capabilities of the respective municipal bodies.

Let us now look at the situation pertaining to water supply which is one of the important components of Public Health.

Table 3.7

Per Capita Expenditure on Public Health in 1986-87 as Compared  
with Zakaria Committee Norms (Updated) For 2 Million+ Cities

Town Group	Per capita distribution of public health components			Zakaria Committee norms for expenditure on public health		
	Water supply	Waste disposal and preventive health	All	Water supply	Waste disposal and preventive health	All
DMA	23	37	60	66	93	159
Priority	13	38	51	66	93	159
All	17	38	55	66	93	159

Source : 1. NIUA Survey : 1988

2. Government of India, Augmentation of Financial Resources of Urban Local Bodies : 1963.

### Water Supply

Per capita expenditure incurred by the DMA towns and PTs on water supply is presented in Table 3.7 alongwith the Zakaria Committee norms updated to 1986-87 prices. Though the DMA towns spend a higher amount on water supply in per capita terms (Rs. 23) as compared to the PTs (Rs. 13) the total per capita expenditure incurred is much lower than the norms suggested by the Zakaria Committee. This is yet another indicator of the inadequate delivery of this service both in terms of quality and coverage.

### Waste Disposal and Preventive Health

Waste disposal and preventive health together form another most important municipal function that includes a variety of activities such as the maintenance of sewerage and drainage, garbage collection and disposal, conservancy and other preventive health operations. The average per capita expenditure on this account seems to be almost same in the DMA towns as in the priority towns in 1986-87 (Table 3.7). However, in individual towns it varies from Rs. 4 in Rewari to Rs. 48 in Faridabad (Table B:4). These levels, if compared with the Zakaria Committee norms (Rs. 93 per capita) indicate a poor level of waste disposal and preventive health services which in the selected NCR towns need to be given immediate attention.

### Public Works

Public works is another component of expenditure which gets a substantial allocation of financial resources next to Public

Health. It accounted for 21 per cent of the total municipal expenditure in 1986-87. A look at Table B:2 reveals an interesting pattern. The average expenditure on Public Health in all the towns within the DMA constitutes 21 per cent of the total expenditure incurred on various heads. The average for the PTs also happens to be the same (i.e. 21%). However, the expenditure incurred on Public Works in individual towns varies in the DMA towns and the PTs. It is, however, highly erratic. It varies from two per cent of the total expenditure in Rohtak, Rewari and Palwal to 36 per cent in Bulandshahar (Table B:2). A similar situation is found when the per capita expenditure incurred in the various towns is examined. It varies from a minimum of rupees one per capita in Rohtak and Palwal to Rs. 29 in Bulandshahar. This is because it is financed out of the specific purpose grants which are disbursed on an ad hoc basis by the respective state governments.

#### General Administration

The expenditure on general administration and collection of revenues appears to be unusually low - 11 per cent of the total expenditure in the DMA towns and 16 per cent in the priority towns. This is due to the fact that the respective expenditures on establishment are included in the various service heads.

#### Public Safety

Services such as street lighting and fire fighting constitute this head of expenditure. It is obvious from Table B:2 that barring Ghaziabad and Gurgaon, the allocation of

expenditure to this head in the other selected towns is very small. In per capita terms, the expenditure is as low as Rs.1, Rs. 2, Rs. 3 and Rs. 4 in Rohtak, Hapur, Bullandshahar and Alwar respectively in 1986-87. Expenditure at this level can hardly be expected to make a dent on the public safety measures in these towns.

#### Recreation

Expenditure incurred on the maintenance of parks, playgrounds, stadia and so on, constitutes the smallest component of the total municipal expenditure in the selected towns. It accounts for only about five per cent of the total expenditure in the DMA towns and hardly two per cent in the priority towns. In per capita terms as well the expenditure incurred on this account is insignificant (Tables B:2 and B:3).

The foregoing analysis of trends in revenue income and revenue expenditure suggests that the weak fiscal capabilities of the municipal bodies in the DMA towns and the PTs does not enable them to upgrade the services and maintain them at levels comparable to those prevailing in Delhi. Though the levels of income in the DMA towns are found to be slightly better than those of the priority towns, much is required to bring the revenues of the municipal bodies at a level which could be compared with Delhi. However, it does suggest that the proximity of the DMA towns to Delhi has strengthened the economic base of these towns which is reflected in the relatively better resource situation as compared to that in the priority towns. Nevertheless, the expenditure levels in these towns are much

lower than those obtaining in Delhi. It therefore, calls for improving the tax administration, revision of user charges which are presently not related to the unit cost of providing the services, innovative methods of mobilising resources from non-traditional sources and the rationalisation of grants and fiscal transfers.

#### IV: LEVELS OF MUNICIPAL SERVICES

Since the main concern of this study is to assess the fiscal capabilities of the municipal bodies for maintaining the levels of services in the selected towns of the NCR at a level comparable to that in Delhi, it would be desirable to look into the actual levels of services presently being provided in the DMA and priority towns. The analysis in the previous chapter has already revealed that the expenditure on the maintenance of municipal services in 1986-87 is found to be abysmally low when compared with prevailing service levels in Delhi as also with the Zakaria Committee norms for 2 million+ cities. In this chapter we analyse the level of services in physical terms. With this end in view, six major municipal services have been brought within the purview of this chapter. These are water supply, sewerage, drainage, refuse collection and disposal, maintenance of roads/subways and street lighting. Data on the levels of these services in the selected towns are given in the 'C' series tables.

Before analysing the existing levels of services, it is worth mentioning that the analysis is in terms of quantitative aspects of the services; the qualitative aspect has not been dealt with owing to information gap.

##### Water Supply

The municipal water supply system covers about three-fourths of the population in only half of the total selected towns in the NCR. All these are priority towns; in not a single town in the



DMA does the water supply system cover even three-fourths of the population. However, Ghaziabad, Bahadurgarh and Loni are near this level. In the rest of the towns, the population covered varies from 21 per cent in Gurgaon to 60 per cent in Bulandshahar (Table C:1)

A look at the per capita water supply per day reveals a seemingly rosy picture as in a large number of towns the supply is higher than the norm of 225 litres per capita daily (lpcd) suggested by the NCR Planning Board. On a closer analysis, the situation is not that bright especially due firstly to the fact that the per capita figures relate only to that segment of the total population which is covered by the water supply system. We have seen earlier that in many towns a large section of the population does not have access to the municipal water supply system. Secondly, even for the covered population, the actual supply of water on per capita basis is less due to leakages in the supply system. The waste of water owing to leakage is generally found to be as much as 30 per cent to 40 per cent of the existing supplies.<sup>1</sup> Even if we take leakage to be 35 per cent of the total supply, the per capita availability becomes lower than the suggested norm of 225 lpcd. The existing level of water supply in the selected towns therefore, happens to be inadequate. The situation seems to be much more critical in Gurgaon, Rohtak, Khurja, Alwar and Palwal.

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1. See NIUA, Management of Urban Services, New Delhi, 1985.

### Sewerage and Drainage

Of the 14 selected towns, there is no sewerage system in three towns, namely, Loni, Bulandshahar and Khurja. In the remaining 11 towns the extent of population covered varies from as low as 20 per cent in Alwar to 60 per cent in Gurgaon and Bahadurgarh. In as many as 6 towns (Faridabad, Ghaziabad, Meerut, Alwar, Hapur and Palwal) the extent of coverage is less than even one-third of the population of those towns (Table C:2).

Even amongst the towns which have a sewerage system, facilities for the treatment of sewage exist only in three towns, namely, Meerut, Ghaziabad and Hapur. The treatment facility is available only for a part of the sewage in these places. In the rest of the towns, the untreated sewage finds its way in to the open land, drains and rivers creating a health hazard.

As regards the drainage system, the situation seems to be relatively better in five towns where more than 50 per cent of the population is covered (Table C:3). Only in two towns the coverage seems to be satisfactory. These are Loni which has 100 per cent coverage and Bulandshahar where the coverage is 84 per cent. The situation in Gurgaon, Bahadurgarh, Alwar, Hapur, Rewari and Palwal seems to be quite grave as far as the provision of this facility is concerned.

Qualitatively as well the situation does not appear to be satisfactory primarily because of the fact that the existing drainage system is partially combined with storm water drains in all the selected towns. The disposal of drains is invariably

unplanned and the drains are allowed to flow into open lands, depressions and ponds.

In order to promote environmental sanitation it is therefore necessary not only to enlarge the coverage of population but also to improve the methods of disposal of sewage.

#### Refuse Collection

Data on the number of scavengers per thousand population and per capita/per day refuse generated and collected are given in Table C:4. A look at the data reveals that there is no effective system of refuse collection in the selected towns. The Uttar Pradesh Health Manual on refuse collection prescribes seven scavengers per one thousand persons. Applying this norm, none of the towns is found to have an adequate number of scavengers. Their number varies from one scavenger per 1000 population in Gurgaon, Meerut, Bulandshahar and Hapur to five in Khurja. Secondly, the collection of refuse is much less than the refuse generated in many towns.

#### Maintenance of Roads and Subways

The routine maintenance of roads in the selected towns is found to be extremely poor. At the moment it is confined only to breakdown maintenance. This, in the main, is due to the paucity of funds. It may be recalled that road maintenance is funded out of grants-in-aid being given by the state governments. The grants, being ad hoc in nature and also varying substantially from year to year, do not provide sufficient funds for adequate and timely repairs and maintenance of roads. The extent of

surfaced and unsurfaced road lengths in the selected towns of NCR is given in Table C:5.

#### Street Lighting

Street lighting is also not adequately provided by the municipal bodies in the selected towns. A large proportion of the road length does not have a lighting system. In as many as eight towns (out of 14) street lighting covers less than 50 per cent of the total road length (Table C:6). Not a single town is found to have street lighting for the entire road length. Only Loni (94% coverage), Bahadurgarh (88% coverage) and Rewari (82% coverage) have a better street lighting service amongst the selected towns.

On the basis of yet another indicator, the street lighting system in the selected towns is not found to be satisfactory. The number of light poles per kilometer (km.) in many towns is lower than the suggested norm of 33 light poles per kilometre of road. On this score, only five towns seem to have a satisfactory level of this service. These are Faridabad, Ghaziabad, Alwar, Panipat and Khurja. The situation appears to be critical in Gurgaon, Bahadurgarh, Loni, Rohtak, Bulandshahar and Rewari.

The analysis of some of the municipal services in the selected towns thus indicates that the level of civic services is not satisfactory. In many instances, it is utterly inadequate quantitatively and qualitatively, and also on the basis of the extent of coverage.

## V: IDENTIFICATION OF RESOURCE GAP

The analysis in the preceding chapters has revealed that the levels of the delivery of municipal services in selected NCR towns are fairly low by any standards - either physical or financial. Hence there is a need for substantial capital investments aimed at upgrading the municipal services in DMA and priority towns as part of the NCR plan. But this raises a very important question : will the municipal bodies in the selected towns be able to maintain the upgraded levels of municipal services or not? If not, what will be the resource gap?

The resource gap has been worked out on the basis of difference between the additional (enhanced) maintenance requirements and estimated municipal income during the reference year. While doing so it has been assumed that the selected municipal bodies will be at least able to maintain the existing (1986-87) levels of per capita municipal income.

### Norms

In the absence of any latest and direct norms the maintenance requirements of a municipal body have been worked out through an indirect method, that is, on the basis of investment requirements. As prescribed by the Planning Commission Task Force on Financing of Urban Development (Page XIII), the maintenance requirements have been calculated as 10 per cent of investment requirements plus the debt liabilities for the respective capital requirements. While working out the debt liabilities, it has been assumed that the investment requirements

will be made available through a loan on the terms and conditions comparable to the HUDCO norms for financing the utility infrastructure (Also refer to Annex VI).

Six most important municipal services have been selected for working out the investment requirements. These services are Water Supply, Sewerage, Storm Water Drainage, Solid Waste Disposal, Local Roads and Low Cost Sanitation. The investment requirements in each of these services have been worked out on the basis of selected norms (refer to Annex V). These norms have been selected through a review of various norms prescribed by different agencies and committees.

#### Investment Requirements

The investment requirements in each individual service worked out in accordance with the levels of upgradation as prescribed by NCR Planning Board (Annex VI) are given in the D - Series tables. The total investment requirements in each individual town are given in Table 5.1. This table does not include the investment requirements for low cost sanitation. The reason for this is that the loans for low cost sanitation are made available directly to the users and hence the municipal body will not bear financial burdens of any kind.

As may be seen from Table 5.1, the selected towns will require a huge amount for capital investment for upgrading and providing the municipal services. As a whole the selected towns will require a sum of Rs. 2177.69 crores by the year 2001.

Table 5.1

Upgradation of Municipal Services in Selected NCR Towns,  
Investment Requirements by 1995 and 2001

(Rs. in lakhs)

Towns	Water supply		Sewerage		Storm water drainage		Solid waste disposal		Local roads		All	
	1990-1995	1995-2001	1990-1995	1995-2001	1990-1995	1995-2001	1990-1995	1995-2001	1990-1995	1995-2001	1990-1995	1995-2001
<b>DNA TOWNS</b>												
Faridabad/ Ballabhgarh	7200	2700	7703	2401	901	422	172	157	3186	2172	19162	7861
Ghaziabad inc. Loni	6754	2650	8440	2320	1188	406	280	151	2080	1950	18690	7477
Gurgaon	4580	3250	5510	2880	664	504	179	187	1086	1242	12019	8063
Bahadurgarh	1145	900	1563	810	178	142	60	53	618	72	3564	1977
NOIDA	4400	1800	4825	1600	683	280	124	104	3510	4250	13542	8034
Kundli	750	950	510	820	49	144	44	53	612	1350	2035	3317
<b>Total</b>	<b>24829</b>	<b>12250</b>	<b>28551</b>	<b>10840</b>	<b>3733</b>	<b>1898</b>	<b>859</b>	<b>705</b>	<b>11040</b>	<b>11036</b>	<b>69012</b>	<b>36729</b>
<b>PRIORITY TOWNS</b>												
Meerut	8825	4850	6395	4320	1379	756	398	281	3282	2460	20279	12667
Rohtak	3300	1750	2135	1540	437	270	105	100	1122	132	7099	3792
Alwar	NA	NA	2793	1590	535	278	145	103	654	372	4127	2343
Panipat	2469	1800	2170	1600	444	280	98	104	1614	1440	6795	5224
Bulandshahar	3109	2050	2298	1810	358	317	133	118	1380	1344	7278	5639
Hapur	2425	1850	2095	1680	387	294	121	109	1062	1082	6090	5015
Khurja	1808	1350	1420	1160	261	203	80	75	726	834	4295	3622
Rewari	583	300	425	280	114	49	17	10	102	108	1241	755
Palwal	1675	1500	1513	1310	267	229	81	85	990	1182	4526	4306
Bhiwadi	600	650	520	630	91	110	34	41	468	1032	1713	2463
Dharuhera	400	450	340	410	60	72	22	27	306	672	1128	1631
<b>Total</b>	<b>25194</b>	<b>16550</b>	<b>22104</b>	<b>16330</b>	<b>4333</b>	<b>2858</b>	<b>1234</b>	<b>1061</b>	<b>11706</b>	<b>10658</b>	<b>64571</b>	<b>47457</b>
<b>All</b>	<b>50023</b>	<b>28800</b>	<b>50655</b>	<b>27170</b>	<b>8066</b>	<b>4756</b>	<b>2093</b>	<b>1766</b>	<b>22746</b>	<b>21694</b>	<b>133583</b>	<b>84186</b>

NA: Not Applicable, as water supply is not maintained by the municipal body.

Source: D - Series tables.

However, in case the investments are made in a phased manner the investment requirements for the 8th Plan period (1990-95) which is the first phase, works out to Rs. 1335.83 crores. For the 9th Plan period (1995-2001) the investment requirements work out to be relatively less, being Rs. 841.86 crores. The existing backlog (at 1986 levels) in the levels of municipal services is the reason for a relatively high level of investment requirements for the first phase. Moreover, if the necessary investments are made in time, the 9th Plan period will not inherit any backlog in the levels of municipal services. Hence, the investment requirements for the 9th Plan (Second Phase) will be confined to cover the population increase between the years 1995 and 2001 only.

The investment requirements in individual services as a proportion of total requirements are given in Table 5.2.

Table 5.2  
Composition of Investment Requirements  
(Rs. in lakhs)

Service	Investment requirements		Investment requirements as percentage of total	
	1990-95	1990-2001	1990-95	1990-2001
Water Supply	50023	78823	37.45	36.20
Sewerage	50655	77825	37.92	35.74
Storm Water Drainage	8066	12822	6.04	5.88
Solid Waste Disposal	2093	3859	1.56	1.77
Local Roads	22746	44440	17.03	20.41
<b>Total</b>	<b>133583</b>	<b>217769</b>	<b>100.00</b>	<b>100.00</b>



As can be seen from Table 5.2 the water supply and sewerage services together include the maximum proportion of investment requirements ranging between 70 to 75 per cent share of total requirements. Provision of Local Roads is another service which requires substantial investments followed by the provision of storm water drainage and solid waste disposal.

#### Enhanced Expenditure Requirements

The enhanced expenditure requirements (non-plan), in case the services are upgraded as a part of the NCR plan, works out to be enormous. As may be seen from Table 5.3 the municipal bodies in the selected NCR towns will need a sum of Rs. 197.45 crores annually in 1995 in order to maintain the upgraded levels of municipal services. By the year 2001 these municipal bodies will need a sum of Rs. 311.83 crores.

As mentioned earlier, the enhanced expenditure requirements include a fixed proportion of investment requirements as additional maintenance cost and the debt liabilities for such investments. Table 5.4 gives a composition of enhanced expenditure requirements for the selected towns as whole.

Table 5.3

Additional Maintenance Requirements in Selected NCR Towns by 1995 and 2001

(Rs.in lakhs)

Towns	Total investment Requirements (TIR) <sup>1</sup> (Rs.)		Maintenance Cost as 10% of TIR (Rs.)		Liveable Housing Stock (LHS) (000')			Proportion of LHS (1987) to total		Repayment Liability <sup>3</sup> (Rs.)		Debt Liability on Municipal Body <sup>4</sup> (Rs.)		Additional Maintenance Cost (Rs.)	
	1990-1995	1995-2001	1990-1995	1995-2001	1987	1990-1995	1995-2001 <sup>2</sup>	1990-1995	1995-2001	1990-1995	1995-2001	1990-1995	1995-2001	1990-1995	1995-2001
<b>DMA TOWNS</b>															
Faridabad/Ballabhgarh	19162	7861	1916	786	79	152	200	52	40	2748	1127	1429	451	3345	1237
Ghaziabad inc. Loni	18690	7477	1869	748	65	174	220	37	30	2680	1072	992	322	2861	1070
Gurgaon	12019	8063	1202	806	9	82	140	11	6	1724	1156	190	69	1392	875
Bahadurgarh	3564	1977	356	198	7	24	40	29	18	511	284	148	51	504	249
NOIDA	13542	8034	1354	803	-	78	110	-	-	692	543	-	-	1354	803
Kundli	2035	3317	204	332	-	14	30	-	-	73	282	-	-	204	332
<b>Total</b>	<b>69012</b>	<b>36729</b>	<b>6901</b>	<b>3673</b>	<b>160</b>	<b>524</b>	<b>740</b>	<b>129</b>	<b>94</b>	<b>8428</b>	<b>4464</b>	<b>2759</b>	<b>893</b>	<b>9660</b>	<b>4566</b>
<b>PRIORITY TOWNS</b>															
Meerut	20279	12667	2028	1267	118	224	310	53	38	2908	1817	1541	690	3569	1957
Rohtak	7099	3792	710	379	29	69	100	42	29	1018	544	428	158	1138	537
Alwar	4127	2343	413	234	27	68	100	40	27	592	336	237	91	650	325
Panipat	6795	5224	680	522	26	68	100	38	26	974	749	370	195	1050	717
Bulandshahar	7278	5639	728	564	18	64	100	28	64	1044	809	292	518	1020	1082
Hapur	6090	5015	609	502	17	56	90	30	19	873	719	262	137	871	639
Khurja	4295	3622	430	362	10	37	60	27	17	616	519	166	88	596	450
Rewari	1241	755	124	76	08	16	22	50	36	649	617	325	222	449	293
Palwal	4526	4306	453	431	08	34	60	24	13	19	205	5	27	458	458
Bhiwadi	1713	2463	171	246	-	10	23	-	-	12	138	-	-	171	246
Dharuhera	1128	1631	113	163	-	07	15	-	-	-	-	-	-	113	163
<b>Total</b>	<b>64571</b>	<b>47457</b>	<b>6459</b>	<b>4746</b>	<b>261</b>	<b>653</b>	<b>980</b>	<b>332</b>	<b>269</b>	<b>8705</b>	<b>6453</b>	<b>3626</b>	<b>2126</b>	<b>10085</b>	<b>6872</b>
<b>All</b>	<b>133583</b>	<b>84186</b>	<b>13360</b>	<b>8419</b>	<b>421</b>	<b>1177</b>	<b>1720</b>	<b>461</b>	<b>363</b>	<b>17133</b>	<b>10917</b>	<b>6385</b>	<b>3019</b>	<b>19745</b>	<b>11438</b>

1. Except for low cost sanitation (LCS).
2. Projected on the basis of induced population in 1995, assigned population in 2001 @ 5 persons per house.
3. Worked out on the basis of repayment factor being 1434 based upon HUDCO's terms & conditions i.e. a loan on 6% rate of interest for a period of 12 years.
4. Worked out in the same proportion of repayment liability as may be the proportion of liveable housing stock to the total housing stock.

Table 5.4

Composition of Enhanced Expenditure Requirements (EER)

(Rs. in lakhs)

Item	Enhanced expenditure requirements		As % of total EER	
	1990-95	1990-2001	1990-95	1990-2001
Maintenance Cost <sup>1</sup>	13360	21779	68	70
Debt Liabilities <sup>2</sup>	6385	9404	32	30
Total	19745	31183	100	100

As may be seen from Table 5.4, the debt liabilities include a substantial (around 30%) proportion of enhanced expenditure requirements. This amount has been worked out on the basis of HUDCO norms which are fairly high for a municipality to repay the loan.\* Hence, the enhanced expenditure requirements can be substantially reduced provided a long term loan on easy terms and conditions is arranged.

Enhanced Municipal Income

It is not true that only expenditure requirements will increase as a result of upgradation of municipal services. The municipal income, at the same time, will also increase. However the level of increase may vary. The estimated increase in municipal incomes in selected NCR towns is given in the D - Series tables (Table D:7 and D:8).

1. As 10% of Investment Requirements.
2. Debt liabilities on the municipal bodies have been worked in the same proportion as may be the proportion of existing liveable housing stock to the total housing stock in the reference year.

\* A rate of interest of 10% for a 12 - year repayment period.

The enhanced municipal income includes the estimated yields from increased population on the assumption that the per capita yield of various components of municipal income will remain the same. On the whole the municipal income in selected towns is expected to be increased by Rs. 45.15 crores in 1995 and Rs.79.86 crores in 2001.

Resource Gap (Maintenance)

The resource gap in the maintenance of municipal services in selected towns has been worked out on the basis of difference between the enhanced expenditure requirements and enhanced municipal income.

As may be seen from Table 5.5, the selected NCR towns on their own will not be able to maintain the upgraded levels of municipal services. The enhanced expenditure requirements as a result of upgradation of services in all the selected towns as a whole work out to be Rs.197.45 crores in 1995 and 311.83 crores in 2001. In contrast the estimated municipal income of selected towns will increase by only Rs. 36.04 crores in 1995 and Rs.63.51 crores in 2001.

In sum, it appears from the foregoing analysis that the municipal incomes in selected towns will not increase commensurate to their expenditure requirements. As a whole they require an additional amount of Rs.161.41 crores in 1995 and Rs. 248.32 crores in 2001 to maintain the municipal services. This is by any standard an enormous amount, and substantial efforts have to be made in order to strengthen the resource raising capabilities of the respective municipal bodies.

Table 5.5  
Resource (Maintenance) Gap in Selected NCR Towns

Towns	(Rs. in lakhs)					
	Enhanced Expenditure Requirements		Projected Municipal Income*		Maintenance Gap	
	1995	2001	1995	2001	1995	2001
<b>DMA TOWNS</b>						
Faridabad/ Ballabhgarh	3345	4582	303	588	3042	3994
Ghaziabad inc. Loni	2861	3931	527	788	2334	3143
Gurgaon	1392	2267	363	688	1029	1579
Bahadurgarh	504	753	100	187	404	566
NOIDA	1354	2157	415	590	939	1567
Kundli	204	536	77	170	127	366
<b>Total</b>	<b>9660</b>	<b>14226</b>	<b>1785</b>	<b>3011</b>	<b>7875</b>	<b>11215</b>
<b>PRIORITY TOWNS</b>						
Meerut	3569	5526	759	1271	2810	4255
Rohtak	1138	1675	256	464	882	1211
Alwar	650	975	79	156	571	819
Panipat	1050	1767	160	298	890	1469
Bulandshahar	1020	2102	152	300	868	1802
Hapur	871	1510	104	211	767	1299
Khurja	596	1046	81	164	515	882
Rewari	449	747	43	85	406	662
Palwal	458	916	103	208	355	708
Bhiwadi	171	417	50	111	121	306
Dharuhera	113	276	32	72	81	204
<b>Total</b>	<b>10085</b>	<b>16957</b>	<b>1819</b>	<b>3340</b>	<b>8266</b>	<b>13617</b>
<b>All</b>	<b>19745</b>	<b>31183</b>	<b>3604</b>	<b>6351</b>	<b>16141</b>	<b>24832</b>

## VI: MOBILISATION OF FINANCIAL RESOURCES

The analysis in the preceding chapters has revealed that the fiscal capability of municipal bodies in the selected towns of the NCR is weak. This is why the municipal income in these towns is not expected to increase commensurate with their expenditure requirements. It will lead to an extensive resource gap in the years 1995 and 2001 when the maintenance liabilities of the selected municipal bodies will increase as a result of completion of capital work pertaining to the upgradation of municipal services as a part of the NCR plan. Such gaps in the years 1995 and 2001 work out to Rs. 161.41 crores and Rs. 248.32 crores respectively.

If we relate the income levels of the selected municipal bodies to the projected resource gap, it is clear that the ordinary income of the municipal authorities in the selected towns shall have to be increased by about two and a half time for maintaining the upgraded levels of municipal services in the years 1995 and 2001.

Any scheme of resource mobilisation in the selected towns should take into account the scope, if any, for resource mobilisation from the existing sources as provided for in the municipal acts. It should then look at the policy options for the augmentation of resources from additional sources.

The analysis of resource mobilisation from the existing tax and non-tax sources as also from fiscal transfers has revealed the following deficiencies.

The municipal bodies have not been able to fully exploit all the existing sources (tax and non-tax sources) nor have they exercised all the resource raising powers given to them by the respective state legislatures.

Property tax, one of the important sources of municipal revenues, has not been administered efficiently because of several reasons some of which are within the capabilities of the municipal bodies while others are external to them.

Taking first the internal factors, we have seen that:

- The valuation and assessments are not revised as frequently as prescribed in the various municipal laws and bye-laws; this depresses the base of this tax.
  
- Property tax rates are low in all the selected towns except in Ghaziabad and they vary substantially from one town to the other. There are three reasons for such variations and low rates. Firstly, the municipal acts in Uttar Pradesh and Rajasthan do not provide for any fixed rate whereas the municipal act in Haryana provides for a fairly low rate as 12.5 per cent of ARV for class A and B municipalities and 10 per cent of ARV for class C municipalities. Secondly, in most cases except for Ghaziabad the rates have not been revised since long. Thirdly the respective states have not followed any uniform pattern for revising the property tax rates.

- Different land uses, namely, residential, commercial, industrial and so on do not have differential rates.
- The rate structure consists of a flate rate in all towns (except Meerut and Alwar) which has made this tax regressive and unproductive. Even in Meerut and Alwar the extent of graduation in the rate structure is marginal.

Among the external factors, the most important factor is the existence of Rent Control Laws which have the provision for determination of standard rents. A recent Supreme Court decision has extended the logic of standard rent even for such properties for which the standard rent has not yet been determined by any Rent Control Court. This has further stifled any attempt to mobilise the resources from this prime municipal tax.

Among other taxes and fees that are permitted to be levied, the following sources still have potentialities for further exploitation:

- i. Services taxes, (water, sewer, conservancy, latrine and lighting taxes) in Haryana and Rajasthan.
- ii. Surcharge on consumption of electricity in Haryana.
- iii. Non-tax sources including user charges which are presently applicable to water supply only. These too are not based on the unit cost of production. They may be extended to other services as well such as solid and liquid waste disposal, street lighting, and so on.



Another promising area pertains to a few important taxes which have a strong urban bias but are collected presently by the state governments. Proceeds from the entertainment tax and sales tax in all the three states and duty on transfer of properties in U.P. and Rajasthan belong to the taxes need to be properly and directly shared with the municipal bodies.

Besides these, there exist a host of administrative deficiencies in the management of financial resources. These deficiencies are:

- i. There is virtually no management information system for an effective and efficient tax administration. For example, information on the various property attributes which are very important for property tax administration does not exist even in rudimentary form. This makes it difficult to identify the problem areas.
- ii. The current accounting and budgeting practices do not include the factual and actual resource position.
- iii. There is a complete lack of inter and intraagency coordination among the various agencies involved in financial management. These managerial problems have adversely influenced the municipal income and expenditure and have also contributed to time and cost overruns in various areas of municipal functions.

- iv. The collection machinery has been lethargic and inefficient with the result that the tax arrears have been mounting year after year.
- v. Inordinate delays in finalisation of tenders.

Resource Mobilisation : The Framework

Suggestions for resource mobilisation are based on : (i) constraints and deficiencies as discussed in the preceding paragraphs and (ii) the application of innovative methods and practices of resource mobilisation which are in vogue in towns and cities in India and elsewhere. Accordingly, it is suggested that resource mobilisation be based on a three-pronged strategy :

- i. The scope for further mobilisation of existing resources within the framework of respective municipal acts.
- ii. Special mobilisation of existing resources which may require suitable amendment in respective municipal acts.
- iii. Mobilisation of additional resources and methods such as new taxes, sharing of proceeds from some of the taxes having strong urban bias, rationalisation of existing methods of devolution from state government and institutional finance.

Mobilisation of Existing Resources within the Scope of Municipal Acts:

Property tax and octroi together constitute the mainstay of municipal finance in the selected towns as elsewhere in India. The analysis of tax effort in this report has shown that the mobilisation of resources from property taxes in the selected towns is fairly low as compared to Delhi. This source of tax is

therefore dealt with in greater detail. Octroi is not dealt with primarily owing to the uncertainty regarding its existence in the near future. However, this is not to minimise the importance of octroi in local resource mobilisation. It happens to be an elastic and buoyant source of resource mobilisation and therefore even if it is abolished, its substitute should have all the good attributes of octroi, namely, elasticity, buoyancy, revenue yield on a day-to-day basis and a built-in growth rate in its revenues.

Besides the mobilisation of property taxes, yet another aspect within which the municipal revenues can be substantially increased lies in the improvements in the existing information system. However, we shall first deal with the mobilisation of property taxes.

#### Property taxes

There are two facets of resource mobilisation within which the property taxes can be mobilised taking into account the existing provisions as prescribed by the municipal acts. These are : (i) the Timely Revision of Property Tax Demand, and (ii) Intrastate Equalisation of Rate Structure.

#### Timely revision of property tax demand

The crux of the problem in resource mobilisation from this tax lies in capturing, as far as possible, the market value of the land and building so that increases in property values are constantly mopped up. This calls for periodical valuation and assessment as provided for in the relevant

laws and bye-laws. It is important to note that in a majority of municipal bodies, the revision of the property tax demand has been made on time. However as many as five municipal bodies have not been able to make such a timely revision. In some cases such as in Meerut and Hapur revisions have not been made for the last 10 to 20 years.

In view of the fact that it is politically as well as administratively difficult to revise the property tax demand in retrospect, we suggest that hereafter the selected municipal bodies should exercise their powers of quinquennial assessment of property tax demand well in time. This has substantial potential for the mobilisation of municipal resources. We have worked out the projected yield in case such quinquennial revisions will be made hereafter by selected municipal bodies (Refer to Tables E:1 and E:2).

While projecting the yields from timely revisions we have assumed that the municipal bodies will be able to fully utilise their powers to revise the property tax demand as per the respective municipal acts. Accordingly, an increase at 25 per cent has been worked out in respective property tax yields.

As may be seen from Table 6.1 the timely revisions will substantially increase the levels of municipal income. However, as a proportion of the maintenance gap, they work out to be only 2.09 per cent in 1995 and 2.99 per cent in 2001.

Table 6.1

Estimated Revenue Income from Timely Revision  
of Property Taxes in Selected Towns

Town	Maintenance Gap (000')		Mobilisation through timely revision				Revenue increase through revision as a % of gap	
	1995	2001	1995	2001			1995	2001
				Existing demand	Increased population	Total		
Faridabad	304200	3994	8775	14869	1566	16435	2.88	3.66
Ghaziabad and Loni	233400	314300	9997	16940	5071	22011	4.73	7.98
Gurgaon	102900	157900	1403	2378	1655	4033	1.36	2.70
Noida	40400	56600	-	-	3217	3217	-	6.08
Bahadurgarh	93900	156700	344	583	259	842	0.37	0.54
Kundli	12700	36600	-	-	561	561	-	1.56
Meerut	281000	425500	4600	7793	2444	10237	1.64	2.45
Rohtak	88200	121100	1878	3182	650	3832	2.13	3.14
Alwar	57100	81900	493	835	206	1041	0.76	1.07
Panipat	89000	146900	2332	3951	1002	4953	2.62	3.45
Bulandshahar	86800	180200	834	1413	503	1916	0.96	1.07
Hapur	76700	129900	755	1239	434	1673	0.98	1.30
Khurja	51500	88200	315	534	322	856	0.61	0.98
Rewari	40600	66200	492	833	104	937	1.21	1.43
Palwal	35500	70800	496	840	460	1300	1.40	1.93
Bhiwadi	12100	30600	-	-	182	182	-	0.60
Dharuhera	8100	20400	-	-	199	199	-	0.59
All	1614100	2483200	32714	55390	18755	74145	2.04	3.07

Intra-state equalisation of rate structure

As discussed earlier, the rate-structure of property taxes shows a great deal interstate and intrastate variation. Rationalising the interstate variation is a separate issue. However, the intrastate variation can be removed within the framework of respective municipal acts. Such variations exist because of the lack of initiative from the respective municipal bodies to revise their rates in accordance with the changes in administrative status as may be seen in the case of Faridabad, Rohtak and all the municipal bodies belonging to Uttar Pradesh except for Ghaziabad.

In view of this, we are suggesting an equalisation of intrastate rate structure of property taxes in accordance with the highest rate applied by the municipal bodies in the respective state. The projected increase in the revenue yeilds of individual taxes is presented in the E-series tables (Tables E:3, E:4 and E:5). However, the total revenue yields from all such taxes for the respective reference years are presented in Table 6.2.

Table 6.2  
Projected Yields from Intra-state Equalisation of  
Rate-structure of Property Taxes

Towns*	Maintenance gap (000')		Projected increase from equalisation ('000)**								Total increase as % of maintenance gap	
	1995	2001	General tax		Water tax		Sca./Drainage tax		Total		1995	2001
			1995	2001	1995	2001	1995	2001	1995	2001		
Faridabad	304200	3994	5313	700	NA	NA	NA	NA	5313	7000	1.75	1.74
Ghaziabad	233400	314300	-	-	-	-	6708	9300	6708	9300	2.85	2.95
Weerut	281000	425500	-	-	14534	20150	-	-	14534	20150	5.17	4.74
Rohtak	88200	121100	1384	2000	NA	NA	NA	NA	1384	2000	1.57	1.65
Bulandshahar	86800	180200	1276	2000	957	1500	957	1500	3190	5000	3.68	2.77
Hapur	76700	129900	1128	1800	-	-	51	81	1179	1881	1.54	1.45
Khurja	51500	88200	368	736	184	300	368	600	920	1636	1.79	1.85

\* Only those towns are included in this table whereby the municipal income will increase as a result of equalisation.

\*\* Source: Tables E:3, E:4 and E:5.

NA Not Applicable as per state municipal act.

The equalisation of rate structure will substantially increase the municipal income in as many as seven cases. However, it will not make any substantial impact on the maintenance gap. As may be seen from Table 6.2, the revenue increase from equalisation of the rate structure as a proportion of the maintenance gap in effective towns varies between 1.54 per cent at Hapur to 5.17 per cent at Meerut in 1995 and 1.45 per cent at Hapur to 4.74 per cent at Meerut in 2001.

#### Improving the information system

The property tax structure and water supply network are the two main areas of the municipal information system where traditional methods need to be modified. Being the most important sources of municipal income improvements in these areas will subsequently help identification of priorities in order to make efforts to increase revenue yields. This is, however, possible without making any specific amendment in the respective municipal acts.

As regards the property taxes there is a need to develop an information base as a management information aid for enhancing the efficiency in valuation, assessment and collection of property tax. Property attributes such as number of assessed properties, their assessed value, location, type of construction, land use, age, tax demand and arrears need to be made an integral part of the information system.



Likewise, information about the number of water connections both metered and unmetered, the quantum and unit cost of water supplied, the proportion of total demand and collections as per details for current year and arrears need to be documented properly as a part of the information system for efficient management and financing of municipal services.

#### Special Mobilisation of Existing Resources

As may be seen from the preceding paragraphs, the mobilisation of existing resources within the framework of the municipal acts will not substantially reduce the maintenance gap. As a whole, it will only cover 4.02 per cent of the gap in 1995 and 4.87 per cent in 2001. This is why we should first explore the possibilities of special mobilisation of existing resources which may require suitable amendments in the municipal acts, themselves for a significant departure from the current practices of mobilisation of existing resources.

Likewise in the mobilisation of resources within the existing framework of the municipal acts, the property taxes and the sale of water are the two sources which can yield substantial revenues provided the existing constraints that inhibit their fullest exploitation are removed.

#### Property taxes

The crux of the problem in resource mobilisation from property taxes lies in four most important facets of the property tax structure, namely : (i) the assessment

practices; (ii) the rate-structure; (ii) the collection mechanism; and (iv) the legal framework. Hence a significant departure from present practices is called for.

- i. The determination of the base of this tax, that is, the gross annual value at which the property is "reasonably let from year to year" is a highly subjective exercise and hence is riddled with corrupt practices. This could be minimised by making the valuation objective and explicit. This requires the standardisation of rents on a per sq. ft. basis by taking into account some of the attributes of the property such as location, quality and type of construction, land use, age of building and so on which are instrumental in raising property values. The Municipal Corporation of Delhi (MCD) already follows this method in a crude manner by evolving what they call the "rental data". Further sophistication has been brought into it in Bombay, Bangalore and in all the urban areas in Kerala. The Ahmedabad Municipal Corporation has introduced valuation on the basis of carpet area which takes into account attributes such as location, access to infrastructure, use and structure of the properties concerned. The rates applied in Ahmedabad are given in Annex XIII.

Another dimension of valuation pertains to vacant and agricultural lands. Presently such lands are not adequately covered by the property tax net. In U.P., for example, vacant land is brought under the tax net only when it is used for commercial purposes. Hence vacant lands need to be brought into the tax net. They should be taxed on the basis of their capital value. The MCD already taxes vacant lands at the rate of five per cent of their capital value. So is the practice in Bombay. Such a tax, besides mobilising the resources, also helps in using vacant lands for housing.

In many instances there is considerable delay in detecting newly constructed houses or those houses which have undergone alteration and addition. This could be solved by coordinating the activities of the house sanctioning and assessment department of the municipal bodies and by an efficient system of detection of illegally constructed and/or altered properties.

- ii. Property tax rates are found to be low in the selected towns of the NCR and these are based on a flat rate system. The net result is that the rate is not conducive to resource mobilisation. It needs to be emphasised that if services are to be maintained at

levels comparable to Delhi, the rate structure needs to be evolved on the Delhi pattern, that is varying from 14 per cent to a maximum of 53 per cent of the ARV. Hence tax rates in the NCR towns need to be made progressive with different rates for residential and non-residential properties by introducing the graduated slab system. However, since low tax rates have been prescribed for many years, a sudden steep enhancement may prove to be counter productive. Secondly, in the absence of an efficient information base, it is somewhat difficult to enforce the graduated rate structure without making the necessary improvements in the existing information system. Therefore, to begin with, the existing rates need to be enhanced suitably. Nevertheless, the need for introducing the differentiated tax rate with graduated slabs cannot be minimised.

Bringing the improvements in the traditional information system requires certain technical skills. This calls for training of personnel involved in the assessment and collection of property taxes. By and large, valuation and assessment is presently being done by clerical staff who do not know the niceties of valuation. Hence the staff need to be trained in property valuation and assessment.

iii. These reforms notwithstanding, the augmentation of resources will ultimately depend on the extent to which the tax is collected. Bringing about improvement in collection requires introduction of innovations in collection methods and procedures. These should provide incentives to the taxpayers for prompt payment and penalties for the nonpayment of tax on time. This also requires the formulation of certain measures for the satisfaction of the taxpayers. The following suggestions are therefore given to improve property tax collection.

- a. With a view to motivate taxpayers to make prompt payments attractive rebates should be offered.
- b. The defaluters, at the same time, need to be penalised for not making payments on time. For this they should be charged a penal rate of interest. If, however, the arrears have mounted to an enormous extent, the management of arrears would call for some sort of defreezing for improving the collection efficiency. The MCD, for example, has evolved an informal practice of settling disputed cases through discussion and mutual understanding rather than taking them to a court of law. This way it has successfully

settled about 22,000 disputed cases in one single year, 1985-86.

- c. The employees of the municipal bodies involved in collection need to be given some financial incentives so that they are motivated to collect the taxes on time.
  - d. Taxpayers hesitate in making prompt payments because despite the fact that payment has been made, arrears are shown because of the absence of a proper recording system. The recording system therefore needs to be made efficient by introducing pass books for taxpayers wherein the tax demand, date and amount of payment, arrears, and such other details are recorded. The Visakhapatnam Municipal Corporation has recently introduced a system of accepting collection through banks. This has enhanced tax collection remarkably (to about 90 per cent of the tax demand) in the year 1987-88.
- iv. Rent control laws are creating tremendous problems in mobilising resources from property tax. Hence the necessary amendment has to be pushed through in these laws for delinking the municipal assessment from the provision of the rent laws. The Government of Tamil Nadu has given a lead in this regard by identifying a cut-off point on the basis of monthly rent. All properties fetching rentals of more than Rs.400 p.m. are free from the provisions of the Tamil Nadu Rent Control Act. Reforms on similar lines need to be introduced by the state governments of the three states in the NCR.

We have worked out the projected yield from property taxes in case special efforts are made to mobilise property taxes as per the guidelines given in the preceding paragraphs. On a fairly low assumption, we have assumed a 50 per cent increase in the property tax revenues for both the years, 1995 and 2001 (Refer to Table E:6).

Sale of water

As mentioned earlier, water charges are fairly low in the selected NCR towns.<sup>1</sup> Similarly, the per capita receipts as a proportion of municipal expenditures on water supply maintenance are fairly low (Table 3.3). Besides this, the level of per capita expenditure on water supply in these towns is extremely low when compared with the Zakaria Committee norms. This situation calls for immediate action in order to substantially increase the receipts from the sale of water. We recommend at least a 100 per cent increase in the water tariffs prevailing in 1986.

The principle of cross-subsidisation in pricing should be accepted in order to give suitable concessions to the low income urban population. This situation calls for the imposition of graduated and differential pricing. At the same time it is also essential to ensure that the water meters remain in working condition, otherwise the efforts to rationalise and enforce the water tariffs will remain ineffective. However, two preconditions are required for metering; one, continuity of supply at a reasonable level of 70-80 lpcd and; two, an efficient maintenance system as well as billing of consumers.

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1. Excludes Alwar where water supply does not vest with municipal council.

### Mobilisation from Additional Resources

As may be seen from Table 6.3 the mobilisation of existing resources at best can bridge only a 12 per cent to 13 per cent proportion of the maintenance gap in the reference years. In individual towns their proportion to the maintenance gap, however, varies from town to town. This is why, it becomes imperative to identify additional and alternative means that can be used for bridging the resource gap. The following three areas are therefore worth explaining:

1. New taxes and non-tax sources.
2. Rationalisation of transfers from the state.
3. Institutional finance and state credit.

### New Sources

There seem to be eight promising new sources relevant for mobilisation of additional revenues.

### Service taxes

Service taxes such as the taxes on water, drainage, lighting, scavenging and so on are levied in U.P. towns only. Although these taxes are permitted to be levied in Rajasthan and Hayana (except for wate tax) also, the selected municipal bodies in these two states do not levy them. Since most of the municipal services are not directly priced, it becomes imperative for the municipal bodies to impose a service tax on the basis of annual rateable value of land and buildings.

Table 6.3  
Overall Resource Mobilisation

Towns	Maintenance gap		Mobilisation from (Rs.)						Total (Rs.)		Total mobi- lisation as % of gap		Remaining gap**	
	1995	2001	Existing resources*		Additional/alternative resources				1995	2001	1995	2001	1995	2001
			1995	2001	Service tax on low income properties		Surcharge on electricity consumption							
					1995	2001	1995	2001						
<u>DMA Towns</u>														
Faridabad	304200	399400	33443	48935	2732	3600	16709	22015	52884	74550	17.38	18.67	82.62	81.33
Ghaziabad (including Loni)	233400	314300	37897	57711	3125	3960	12912	16363	53934	78034	23.11	24.83	76.89	75.17
Gurgaon	102900	157900	17059	30633	1483	2520	9070	15411	27612	48564	26.83	30.76	73.17	69.24
Noida	93900	156700	8802	13317	428	720	2620	4403	11850	18440	12.62	11.77	87.38	88.23
Bahdurgarh	40400	56600	5513	11217	1404	1980	5801	8181	12718	21378	31.48	37.77	68.52	62.23
Kundli	12700	36600	1938	4836	245	540	1497	3302	3680	8678	28.98	23.71	71.02	87.97
All DMA	787500	1121500	104652	166649	9417	13320	48609	69675	162678	249644	20.66	22.26	79.34	77.74
<u>Priority Town</u>														
Meerut	281000	425500	38140	56737	4025	5580	16630	23056	58795	85373	20.92	20.06	79.08	79.94
Rohtak	88200	121100	19005	28582	1246	1800	7595	11008	27846	41390	31.57	34.18	68.43	65.82
Alwar	57100	81900	1346	2291	1228	1800	9273	13598	11847	17689	20.75	21.60	79.25	78.40
Panipat	89000	146900	13042	20703	1224	1800	7485	11008	21751	33511	24.44	22.81	75.56	77.19
Bulandshahar	86800	180200	6736	11166	1148	1800	4745	7438	12629	20404	14.55	11.32	85.45	88.68
Hapur	76700	129900	4895	8279	1015	1620	4195	6694	10105	16593	13.17	12.77	87.23	87.23
Khurja	51500	88200	3351	5942	662	1080	2737	4463	6750	11485	13.11	13.02	86.89	86.98
Rewari	40600	66200	1968	2917	295	396	1805	2422	4068	5735	10.02	8.66	89.98	91.34
Palwal	35500	70800	6665	12250	608	1080	3721	6605	10994	19935	30.97	28.16	69.03	71.84
Bhiwadi	12100	30600	884	2137	187	414	1414	3127	2485	5678	20.54	18.56	79.46	81.44
Dharuhera	8100	20400	578	1394	122	270	749	1651	1449	3315	17.89	16.25	79.46	83.75
All PTs	826600	1361700	96610	152398	11760	17640	60349	91070	168719	261108	20.41	19.18	79.59	80.82
Overall	1614100	2483200	201262	319047	21177	30960	108958	160743	331397	510752	20.53	20.57	79.47	79.43

\* Including the mobilisation of existing resources within the framework of the municipal acts and special mobilisation of these sources.

\*\* Supposed to be bridged by additional/alternative resources other than the service tax on low income population and surcharge on electricity consumption.

However, in order to efficiently administer the service taxes, it is considered better to have a single service tax rather than having different taxes for water, drainage and so on. Therefore these taxes could be clubbed together in one single service tax. As usually happens, this tax could be levied as a part of property taxes. Therefore, it is recommended that the selected municipal bodies in Haryana and Rajasthan should also levy the service tax as is being done in the case of the NCR towns belonging to Uttar Pradesh.

Service tax on low income properties

A substantial proportion of municipal expenditure is used to finance the maintenance of services in the low income areas and for low income properties such as in slums, squatter settlements, relocation colonies and unauthorised colonies. In addition the low income groups also use other city-wide infrastructure such as roads, street lighting, recreation and public conveniences. They do not however, pay for the financing of these services as the structures in which they are living are within the exemption limits of the property tax.

It is therefore, desirable to make them pay at least the service taxes. The Ahmedabad Municipal Corporation has adopted an innovative approach in this regard. It levies water and conservancy taxes on the properties with a rental value of up to Rs.300 per annum at the rate of Rs.36 p.a.



and Rs.24 p.a. respectively. The municipal authorities in the NCR towns should likewise levy a services tax on properties belonging to the low income groups. However, it is proposed to impose a consolidated service tax at a flat rate of Re.1 per month per person subject to a minimum<sup>2</sup> ceiling of Rs. 5 per month. The Added advantage of per capita is that it can easily be collected as compared to a rate on the rental or capital value of the properties. The incorporation of such a provision will however require an amendment to the municipal acts.

We have calculated estimated yields on this account on the assumption that the low income group constitutes about 30 per cent of the total urban population in the respective townws (E:7).

#### Surcharge on Electricity Consumption

This appears to be a very promising area for municipal taxation. The MCD is already collecting a substantial amount from this. This appears to be an important source especially in view of the proposed expansion of industrial and economic activities in the NCR towns as per the NCR Plan. We therefore, suggest that this surcharge be imposed

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2. The National Commission on Urbanisation has also recommended the imposition of a service tax on a per capita basis on such properties which do not pay property taxes.

at the same rate as is being levied in Delhi by the MCD.<sup>3</sup> The Haryana Municipal Act, 1973 already provides for such a surcharge, though it is not being used at present. In the two remaining states it will require an amendment to the municipal acts.

The estimated yield of this surcharge is presented in Table E:8. This has been worked out on the basis of recovery at the rate of 1.75 paise per unit which is a reasonable assumption in view of collection at the rate of 1.85 paise per unit in Delhi in 1985-86. The basis of taking a lower rate of recovery in the NCR towns is that the proportionate share of non-domestic connections in Delhi will remain higher in the years 1995 and 2001 than in the selected NCR towns. The per unit requirements in the selected DMA and priority towns have been worked out on the basis of emerging forecasts in the respective regions in the states concerned by the year 2001.<sup>4</sup>

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3. The surcharge is imposed by the MCD at the rate of 2 paise per unit of consumption of electricity for domestic use and 3 to 5 paise for non-domestic uses.
  4. NCR Plan 2001. p.83.

Construction of Markets and Mandis

Yet another item that can contribute substantially to municipal income is the construction of markets and mandies. Apart from the monthly rent recoverable from markets and mandies, the advances received from the prospective occupiers of such properties can also generate a revolving fund for the municipal body. Delhi has already generated substantial revenues on this account.<sup>5</sup> It is suggested therefore that the selected municipal bodies can take up such projects (plan) for constructing markets and mandies in order to ensure a substantial increase in municipal income (non-plan).

The Government of Haryana already has a provision for such a project in its urban areas under its Revenue Earning Scheme (Plan) for the Seventh Five Year Plan.<sup>6</sup> We are suggesting that the DMA and priority towns in Haryana take up the Revenue Earning Scheme and use it to raise extra

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5. As per the DDA's Nazul Account I, the Delhi Development Authority has accumulated a surplus of Rs.22 crores by the year 1986-87 on account of the development and construction of commercial projects such as Jhandewalan, Rajendra Place and so on.
  6. As per this scheme the Haryana Govt. has to spare a sum of Rs.400 lakhs during the 7th Plan period. However, the total amount provided on this account remains only Rs.75 lakhs till the year 1988-89.

resources. The remaining two states should also start such schemes in the respective NCR towns in particular.

#### Stamp Duty

Stamp duty on transfer of immovable properties is another source which can yield substantial revenues to the municipal bodies. However in our case, a proportion of the stamp duty is being transferred to the municipal bodies in Haryana only. The municipal bodies in UP and Rajasthan do not receive this revenue.

In order to have an idea regarding the potential capability of the stamp duty to enhance municipal incomes, we have collected data on the transaction of properties in terms of their number and value in Ghaziabad and Hapur during the year 1984-85. This information is appended in Annex XIV. It is interesting to note that if these two municipal bodies are allowed to collect the stamp duty on transactions of urban immovable properties at the rate of two per cent of the amount transacted, the projected yield will amount to about 83 per cent and 129 per cent of the grants-in-aid received by them respectively.

It is in this context that we recommend that the state governments of UP and Rajasthan should also impose the stamp duty on transfer of urban immovable properties. The municipal act in Uttar Pradesh already provides for this. However, the Rajasthan Act will need to be amended suitably. This suggestion assumes further importance in the context

that by the year 2001, real estate prices in the NCR towns will increase manifold as a result of massive new developments to be brought about according to the NCR Plan.

Betterment Tax

There is no reason why the residents of a town should not give a part of the enhanced value of their properties to the municipal bodies to be taxed for the benefit of the entire community because the enhanced values are due to the development works done by the municipal bodies. The development projects to be undertaken in the NCR towns are expected to have a great deal of impact on property values. Property owners would thus benefit from the implementation of the NCR Plan in the form of enhanced property values. there is therefore a justification for imposing a betterment levy on such properties so that part of the enhanced value is used for the benefit of the community. It is therefore suggested that the betterment tax should be imposed in the NCR towns wherever feasible. Such a provision already exists in the Uttar Pradesh municipal acts but is not being utilised by the selected municipal bodies. The municipal acts in the remaining two states do not allow .pa for the imposition of a betterment tax and therefore these need to be suitably amended.

Proper Participation in Land Development Activities

At present the land development work in selected towns is being done either by the specialised local agency<sup>7</sup> or by a state level housing agency.<sup>8</sup> Land development is such an activity that can substantially add to the revolving fund of a municipal body which in turn will contribute to its recurring income. Since the municipal bodies will have to ultimately handle the newly developed schemes in terms of maintenance of infrastructure, it is quite logical to involve them in the land development activities so as to ensure an extra source of recurring income for them.

Moreover, a number of new land developments and housing schemes will come up in the selected NCR towns as a result of the NCR Plan. In view of this, there is the question pertaining to the need to involve the municipal bodies in the land development activities. We therefore suggest that the municipal bodies in the DMA and priority towns should be involved in land development and housing schemes so that their resources are strengthened and enhanced.

Special Rates for Large Industrial Units

Although different taxes and rates are at present levied in the selected towns in the form of property taxes

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7. Agencies such as the Ghaziabad Development Authority at Ghaziabad and the Urban Improvement Trust at Alwar.
  8. Agencies such as the Uttar Pradesh Housing Board, Haryana Urban Development Authority and Rajasthan Housing Board.

and user charges on industrial units, there is still scope to review these rates for large industrial units. The prevailing rates seem to be relevant only for small and medium sized industrial units. In the case of large industrial units these rates are low and are not able to exploit their paying capacity. The Visakhapatnam Municipal Corporation has adopted two innovative measures in this regard.<sup>9</sup>

As regards property taxes, we would like to recommend that the rateable value could be calculated as two per cent of gross earnings for major industrial units. However, in the case of sale of water we would recommend that the prevailing rates should be increased to the extent possible. This type of revision in our context assumes utmost importance at a time when there are plans to substantially expand the industrial base of the selected towns as part of the NCR Plan.

#### Rationalising the Share Transfer from State

If we have to upgrade the level of municipal services in the selected NCR towns at par with Delhi, it also becomes

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9. One is the imposition of property taxes on giant industrial units on the basis of rateable value computed at two per cent of their gross earnings. Another is the exceptionally high pricing of water sold to large industries, viz., Rs.20 per 1000 gallons.

imperative to see that the municipal bodies in these towns have a share in the various taxes collected by the state so as to enable them to maintain a comparable level of municipal income.

There are two major state taxes that have a strong urban bias but are not shared at all or if shared, the municipal bodies in the DMA and priority towns do not receive an adequate proportion.

These taxes are the entertainment tax and the motor vehicles tax. However, in the case of Delhi, these two taxes are properly shared with the three local bodies (MCD, NDMC and Cantonment Board) by the Delhi Administration.

#### Entertainment Tax

In the NCR towns, the state governments do not directly share the entertainment tax with the municipal bodies; it comes through the department of urban development. Secondly, the amount given to the department of urban development in these states has not yet increased commensurate with the increase in tax collection. There are two options to be considered in the sharing of these taxes:

- i. On the basis of seats (in cinema halls) in the  
10  
respective towns.
- ii. On a per capita basis.

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10. Entertainment tax receipts in Delhi are being shared on the same basis.



The second option (per capita basis) seems to be more logical and practical in the NCR towns in the sense that there will be no discrimination on account of regional disparities and it will also be politically acceptable. We therefore, recommend the transfer of 90 per cent of the amount collected by way of entertainment tax by the state to the municipal bodies concerned on a per capita basis.<sup>11</sup> Ten per cent of the amount may be kept by the state on account of collection charges and so on. The state governments will have to make the necessary changes in the municipal acts in this regard.

#### Motor Vehicle Tax

Yet another tax that is being collected by the state governments but not being shared with municipal bodies is the tax on motor vehicles. However, in Delhi this is also being shared among the three local bodies. Since the state governments have a number of other items to generate revenues, the motor vehicle tax should be given to the municipal bodies.

As in Delhi, we recommend that the proceeds from the motor vehicle tax should be shared amongst the municipal bodies.<sup>12</sup> However, unlike Delhi, we recommend its

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11. In Andhra Pradesh 90 per cent of the Entertainment tax is being disbursed to the municipal bodies.
  12. The motor vehicle tax in Delhi is being shared among the three local bodies on the basis of proportionate share of total road length in the respective local bodies such as MCD, NDMC & CB.

distribution on a per capita basis to the respective towns in order to ensure regional equity and political acceptability. This provision will also require the relevant municipal acts to be amended suitably.

#### Grants-in-aid

Besides these proposals for improving the system of sharing some of the important taxes which have a strong urban bias, there is need to rationalise the grants-in-aid system as well. The existing ad hoc system of giving grants to the municipal bodies needs to be rationalised by relating it to (i) the resource situation of the various municipal authorities, (ii) the specific service needs, and (iii) performance of the local bodies. As the resource endowments and also the scale and nature of the needs of different municipal bodies vary from town to town in the NCR, the grants need to be re-allocated to them in order to ensure equitable distribution. With a view to make the local bodies effectively use the resources, an element of performance also needs to be brought within the ambit of grants. An innovative grant system has been evolved in Sri Lanka which links the efficiency in tax collection with the disbursement of grants. Similarly, a system of grants has been evolved in our own country by the West Bengal Government for the municipal bodies in the Calcutta Metropolitan District. The revised grants system has built into it the incentives and penalties for rewarding better performance and penalising inefficiencies. A similar system of grants needs to be evolved in the NCR for disbursing the general purpose grant. The grants should be given as general purpose

grants in addition to the specific purpose grants that may vary from year to year depending upon actual needs.

Availability of Institutional and State Credit

The Government of India has of late started thinking in terms of better availability of institutional and state credit to the urban local bodies. In this connection, an urban infrastructure window has been recently opened in HUDCO.<sup>13</sup> This channel could be utilised for financing the infrastructure development in the selected NCR towns.

One of the most important aspects with regard to credit availability to the municipal bodies for plan development purposes is the nature of loans. The existing HUDCO rates for financing the urban infrastructure (utility infrastructure) are fairly high.<sup>14</sup> In view of the financial constraints faced by the municipal bodies, it is suggested that a soft loan on relatively easy terms and conditions be arranged.

The resource gap in the non-plan sector is another area where suitable attention is required. This gap should be bridged with the help of a set of measures suggested in the preceding paragraphs. These measures will among others include

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13. Housing and Urban Development Corporation.

14. HUDCO loan for utility infrastructure is presently being given on a 10% rate of interest for a 1 year period.

rationalisation of existing practices of share transfer and grants in aid (non-plan) to the municipal bodies. This could be done through the formation of a state finance commission on the pattern of the Gujarat Municipal Finance Board.

## VII SUMMARY OF RECOMMENDATIONS

### Framework for Resource Mobilisation

Suggestions for resource mobilisation are based on two considerations: (i) the constraints and deficiencies in resource mobilisation from the existing sources and (ii) the application of innovative methods and practices of resource mobilisation as tried in Indian towns and cities and elsewhere. Accordingly, a three-pronged strategy is suggested for resource mobilisation:

- a. Mobilisation of existing resources within the framework of the respective Municipal Acts.
- b. Special mobilisation of existing resources which may require suitable amendment in the municipal acts or an approval from the state government.
- c. Mobilisation from additional sources such as new taxes, sharing of proceeds from some of the taxes which have a strong urban bias, rationalisation of the existing devolution from the state governments and institutional finance.

### Mobilisation of Existing Resources Within the Scope of Municipal Acts

Property tax and octroi are the two most important components of the tax income of the selected municipal bodies and together account for nearly 90 per cent of such income. Although octroi has been an elastic and buoyant source of revenue its future is clouded by uncertainty. Octroi has not been considered as a source of further tax income owing to the central government's commitment to do away with it. However, we do recognise the importance of octroi and suggest that in case it is

abolished the affected municipal bodies must be given access either to an alternate source or be given adequate compensation that can provide them with a similar income on a regular basis.

#### Property Taxes

In this context, we have to basically rely on property taxes for mobilising the existing resources within the framework of the municipal acts. However, the present level of mobilisation of property taxes in the selected NCR towns is fairly low as compared to the same in Delhi<sup>1</sup>, although the municipal services in these NCR towns are to be upgraded at a level comparable to Delhi. Since most municipal services are not directly priced, they have to be cross subsidised through other sources of municipal income of which the property tax is a major component. This situation confirms the need and scope for further mobilisation of property taxes.

#### Timely revisions

With a view to exploit fully the revenue raising potential of property taxes, an attempt should be made to capture the rising market values of urban properties by a regular and timely review of property tax assessment. In other words, efforts should be made to have a timely revision of assessment of urban properties.

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1. The per capita yield from property taxes in the Municipal Corporation of Delhi is reported to be more than Rs.100 in 1986-87 as per MCD Budget Estimates 1988-89. In contrast it ranges from only Rs.5 in Alwar to Rs. 46 in Ghaziabad.

#### Intrastate equalisation of rate structure

In certain cases, there appears to be a variation in the rate structure of property taxes. For instance, the rate structure in U.P. towns varies substantially from one town to other. Similarly from among the Haryana towns, Faridabad and Rohtak apply a rate lower (10% of rateable value) than all other towns (12.5% of rateable value). The main reason for such variation has been the inability of the municipal bodies to pass a resolution and request the state government to issue a notification for modifying their rate structure in accordance with their eligibility.

In view of this, an intra-state equalisation of rate-structure of property taxes is suggested so that the selected municipal bodies can impose the property tax rate as per their eligibility.

#### Special Mobilisation of Existing Resources

Two of the most important resources of existing municipal income could be considered for special mobilisation namely, property taxes and tariffs for water.

#### Property taxes

As the constraints in the existing practices inhibit the optimum utilisation of the property tax base, the resources from this source can not be substantially mobilised unless these constraints are removed. In view of this a set of measures is suggested which can help in removing these constraints.

- Standardisation of rental value on a per unit basis by taking some of the important attributes of urban properties such as location, infrastructure, shelter status and so on.
- Special drives to improve the collection efficiency. This will include a variety of steps: (i) Introducing the collection through identified banks. This include issuing a passbook giving the detailed breakup of tax demand and collection; (ii) attractive rebates and incentives for prompt payment; (iii) penalising the defaulters by a by a penal rate of interest on arrears; (iv) solving the huge accumulated arrears on the basis of informal discussions with property holders rather than taking the matter to court.
- Delinking the assessment of properties from the provision of rent control laws by bringing suitable amendments. This could be done on the basis of the Tamil Nadu Rent Control Act whereby properties having a rental value of Rs.400 + are free from the provisions of the Act.
- Rationalising the rate structure. The existing flat rate system needs to be changed on the pattern of the rate structure prevailing in Delhi, that is, a graduated slab system which has discriminatory rates for residential and non-residential properties with relatively higher rates on the latter. However, this will require substantial improvement in the existing information system pertaining to property tax details.

#### Water tariff

The existing water rates in the selected towns in 1986 are rather low. Similarly the per capita expenditure on the maintenance of water supply is low as compared to the prescribed norms. As a consequence the physical levels of water supply are also found to be low. This calls for an increase in the level of per capita receipts from water supply. Augmenting the receipts will mean increasing the rates. Against this background at least a 100 per cent increase in the water rates as existing in 1986 is suggested.



Increasing the water rate is a political issue. In certain cases for example among the low income population, it may not be possible to double the water rates. This problem could be solved through differential and graduated pricing whereby separate rates are charged from different users depending upon the type of use (residential, non-residential and industrial) and the quantity consumed.

Imposing the discriminatory rates comprising differential and graduated pricing will first require a universal metering of individual connections. As mentioned earlier, it will be a significant departure from the current practices of water charging. In most cases either the water meters are not provided or are not found in a working condition. It becomes imperative therefore to have universal metering in order to effectively enforce the water rates, as otherwise the rationalisation of water rates cannot be realised.

A successful realisation of universal metering depends upon two things: one, the continuity in supply at a reasonable level of 70-80 lpcd; and two efficient maintenance and billing of consumers. Efforts should be made to ensure these things for a proper imposition of a discriminatory pricing system for the sale of water.

Mobilisation from Additional or Alternative Sources

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In view of the limited scope of resource mobilisation from existing resources, the municipal bodies will have to mobilise the additional and alternative resources in order to enhance their capability to maintain the upgraded levels of municipal services.

Imposition of service taxes

Service taxes such as for water, sewer, drainage lighting and so on are expected to cross-subsidise the municipal expenditure on various services. However, municipal bodies belonging to U.P. only levy service taxes. We are therefore proposing the imposition of a service tax by all the selected municipal bodies. The municipal acts in Haryana and Rajasthan already provide for such an imposition (except for the water tax in Haryana). The Haryana Municipal Act thus needs to be suitably amended.

It has been observed by various committees that rather than having various service taxes, it is always better for an easy and smooth administration to have a single service tax. We also suggest the same practice to be adopted in the case of selected towns. However, it will require suitable amendments in the municipal acts.

As has been suggested in the case of property taxes, in this case also the rate-structure should be based upon differential and graduated rates.

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2. The entire mobilisation from existing resources will cover only 12 - 13 per cent of the maintenance gap.

Services tax on low income properties

It is suggested that a services tax be imposed on properties falling within the exemption limits at the rate of one rupee per person per month subject to a minimum ceiling of Rs.5 per house/squatter per month.

Surcharge on electricity consumption

A surcharge on electricity consumption should be introduced in the selected NCR towns at the rate of two paise per unit of consumption of electricity for domestic use and three to five paise for non-domestic use. The Haryana Municipal Act already provides for such a provision whereas the municipal acts in the two remaining states need to be amended suitably.

Construction of markets and mandies

The municipal bodies should take up major capital projects for constructing markets and mandies in order to ensure a substantial increase in municipal income (non-plan). Specific schemes for financing these activities should be initiated for the DMA towns and PTs in particular by the respective states.

Stamp duty

As in Haryana, the selected municipal bodies belonging to Uttar Pradesh and Rajasthan should also collect stamp duty on the transfer of urban immovable properties at the rate of two per cent of the sale amount. The Uttar Pradesh Municipal Act already provides for this. However, the

municipal bodies in Uttar Pradesh do not collect the stamp duty on transactions of urban immovable properties. The municipal act in Rajasthan will need to be modified in this regard.

#### Betterment tax

The municipal bodies should impose a betterment tax in areas which are going to benefit from the implementation of the capital development programme. This will ensure a proper solution of the problems of servicing debts incurred on capital account. Such provision already exists in the Uttar Pradesh Municipal Act but is not being utilised by the selected municipal bodies. The municipal acts in the two remaining states do not allow for such imposition and thus need to be amended suitably.

#### Proper participation in land development activities

The municipal bodies in the DMA and priority towns should be involved in land development and housing activities in a better way so as to enable them to generate a revolving fund.

#### Special rates for large industrial units

Owing to their potential capacities to pay more, large industrial units should be covered by special rates for levying property taxes and collecting user charges for sale of water. At the same time the prevailing differentials in these rates should continue for small and medium size industries.

The rateable value for property taxes could be computed at two per cent of gross earnings for major industrial units. Similarly the rate for sale of water could be as high as possible.

Rationalising the Share Transfer from the State Entertainment

Entertainment tax collected from the urban areas of the respective states should be directly shared with the municipal bodies concerned on a per capita basis.

Motor vehicle tax

The motor vehicle tax collected from the urban areas of respective states should also be shared with the municipal bodies concerned on a per capita basis.

Grants-in-aid

The existing system of grants-in-aid and share transfer to the municipal bodies in the respective states is by and large adhoc and unpredictable. This calls for a need to rationalise the prevailing system of grants in general and share transfer in particular. This could be done by constituting finance commissions in the respective states.

Availability of Institutional and State Credit

Owing to the urgency for taking up major capital works as a part of the NCR plan, the responsibilities to arrange for funds could be assigned to the Housing and Urban Development Corporation. These funds could be arranged by HUDCO through its urban infrastructure window.

However, HUDCO's terms and conditions pertaining to the financing of urban infrastructure seem to be fairly high. The loan for this purpose should be made available on easy terms and conditions at low rates of interest as well as a longer repayment period.

#### Information System for Revenue Mobilisation

A comprehensive information system needs to be developed as a management aid for mobilisation of resources and management and financing of civic services. Details of properties in terms of their number, use, assessed value, location, type of construction, tax demand, tax collected and arrears, and so on need to be brought into the ambit of such an information system. Similarly detailed information should be collected on the water supply system. The expenditure patterns of the municipal bodies also needs to be recorded along with the required expenditure level as also the potential income under the respective heads.

#### Mid-Career Training to the Municipal Staff

Improvement in the tax administration (as mentioned earlier under mobilisation from property taxes) as also in the information system will require a multi-level orientation/training for the municipal staff employed in the financial management wing. This training should cover methods of building a strong information base, techniques for proper budgeting and performance evolution and launching effective collection drives.

Table - A:1(Summary)

## Income Expenditure Comparisons

(Rs. in '000)

Items	Ordinary income		Ordinary expenditure		Surplus+/Deficit-	
	Amount	% increase over pre- vious year	Amount	% increase over pre- vious year	Amount	As % of ordinary income
<u>DMA TOWNS</u>						
1984-85	112280	-	107759	-	4521	4
1985-86	121750	8	119516	11	2234	2
1986-87	153165	26	137368	15	15797	10
<u>PRIORITY TOWNS</u>						
1984-85	81139	-	68806	-	12333	15
1985-86	138498	71	131684	91	6814	5
1986-87	176960	28	150348	14	26612	15
<u>All</u>						
1984-85	193419	-	176565	-	16855	9
1985-86	260248	35	251200	42	9048	3
1986-87	330125	27	287716	15	42409	13

Table - A:1  
Income Expenditure Comparisons  
(Rs. in 000')

Item/Towns	Ordinary income		ordinary exp.		Surplus+/Deficit-	
	Amount	% inc. over prev. year	Amount	% inc. over prev. year	Amount	as % of ordinary Income
1.	2.	3.	4.	5.	6.	7.
<b>DMA TOWNS</b>						
<u>Faridabad-</u>						
<u>Ballabgarh</u>						
84-85	65604	-	64153	-	1451	2
85-86	70631	8	71283	11	-652	-1
86-87	77037	9	76056	7	981	1
<u>Ghaziabad</u>						
84-85	32427	-	30912	-	1515	5
85-86	36175	12	33913	10	2262	6
86-87	56740	57	47254	39	9486	17
<u>Gurgaon</u>						
84-85	9882	-	8231	-	1651	17
85-86	9606	-3	9032	10	574	6
86-87	13533	41	9023	-	4510	33
<u>Bahadurgarh</u>						
84-85	3895	-	3930	-	-35	-1
85-86	4877	25	4787	22	90	2
86-87	5282	8	4261	-11	1021	19
<u>Loni</u>						
84-85	472	-	533	-	-61	-13
85-86	461	-2	501	-6	-40	-9
86-87	573	24	774	55	-201	-35
<b>PRIORITY TOWNS</b>						
<u>Meerut</u>						
84-85	-	-	-	-	-	-
85-86	50880	-	53483	-	-2603	-5
86-87	74471	46	66852	25	7619	10
<u>Rohtak</u>						
84-85	26916	-	14112	-	12804	48
85-86	21395	-21	12215	-13	9180	43
86-87	28616	34	14024	15	14592	51

Contd...



1.	2.	3.	4.	5.	6.	7.
<u>Alwar</u>						
84-85	10055	-	9257	-	798	8
85-86	9853	-2	10621	15	-768	-8
86-87	10607	8	11318	7	-711	-7
<u>Panipat</u>						
84-85	13554	-	12488	-	1066	8
85-86	17528	29	14964	20	2564	15
86-87	18361	5	15650	5	2711	15
<u>Bulandshahar</u>						
84-85	7038	-	8499	-	-1461	-21
85-86	9905	41	9190	8	715	7
86-87	13700	38	10681	16	3019	22
<u>Hapur</u>						
84-85	6104	-	6567	-	-463	-8
85-86	8266	35	9091	38	-825	-10
86-87	9653	17	11508	27	-1855	-19
<u>Khurja</u>						
84-85	6052	-	5941	-	111	2
85-86	7097	17	8305	40	-1208	-17
86-87	6596	-7	5850	-30	746	11
<u>Rewari</u>						
84-85	7572	-	8544	-	-972	-13
85-86	9634	27	9310	9	324	3
86-87	10184	6	10489	13	-305	-3
<u>Palwal</u>						
84-85	3848	-	3398	-	450	12
85-86	3940	2	4505	33	-565	-14
86-87	4772	21	3976	-12	796	17

Source: NIUA Survey: 1988

Table - A:2 (Summary)  
Composition of Ordinary Income

(Amount in 000'Rs.)

Item	Taxes		Non-Tax		Grants		Miscl.		Total	
	Amount	% Increase over prev. year	Amount	% increase over prev. year	Amount	% increase over prev. year	Amount	% increase over prev. year	Amount	% increase over prev. year
<u>DMA TOWNS</u>										
1984-85	91481	-	10198	-	9249	-	1352	-	112280	-
1985-86	96272	5	13055	28	9295	Neg	3128	131	121750	8
1986-87	111347	16	21462	64	16204	74	4152	33	153165	26
<u>PRIORITY TOWNS</u>										
1984-85	42034	-	12128	-	20952	-	6025	-	81139	-
1985-86	74501	77	19252	59	39744	90	5001	17	138498	71
1986-87	97215	30	23381	21	44252	11	12112	142	176960	28
<u>ALL</u>										
1984-85	133515	-	22326	-	30201	-	7377	-	193419	-
1985-86	170773	28	32307	45	49039	62	8129	10	260248	35
1986-87	208562	22	44843	39	60456	23	16264	100	330125	27

Table - A:2

Composition of Ordinary Incomes

(Amount in 000'Rs.)

Item/Towns	Taxes		Non tax		Grants		Miscl		Total	
	Amount	% increase over prev.yr.	Amount	% increase over prev.yr.	Amount	% increase over prev.yr.	Amount	% increase over prev.yr.	Amount	% increase over prev.yr.
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
<b>DMA TOWNS</b>										
<u>Faridabad</u>										
<u>Ballabgarh</u>										
84-85	59599	-	4591	-	1295	-	119	-	65604	-
85-86	61767	4	6840	49	1778	37	246	107	70631	8
86-87	65256	6	10391	52	1185	-33	205	-17	77037	9
<u>Ghaziabad</u>										
84-85	23036	-	1597	-	6997	-	797	-	32427	-
85-86	25497	11	2185	37	6434	-8	2059	158	36175	12
86-87	33598	32	5830	167	13989	117	3323	61	56740	57
<u>Gurgaon</u>										
84-85	6304	-	2467	-	675	-	436	-	9882	-
85-86	6069	-4	2429	-2	285	-58	823	89	9606	-3
86-87	9143	51	3043	25	723	154	624	-24	13533	41
<u>Bahadurgarh</u>										
84-85	2435	-	1390	-	70	-	-	-	3895	-
85-86	2826	16	1451	4	600	757	-	-	4877	25
86-87	3174	12	1966	36	142	-76	-	-	5282	8
<u>Loni</u>										
84-85	107	-	153	-	212	-	-	-	472	-
85-86	113	6	150	-2	198	-7	-	-	461	-2
86-87	176	56	232	55	165	-17	-	-	573	24
<b>PRIORITY TOWNS</b>										
<u>Meerut</u>										
84-85	-	-	-	-	-	-	-	-	-	-
85-86	25147	-	6639	-	18221	-	873	-	50880	-
86-87	42160	68	8019	21	21551	18	2741	214	74471	46
<u>Rohtak</u>										
84-85	8416	-	5123	-	10438	-	2939	-	26916	-
85-86	9871	17	3482	-32	6505	-38	1537	-48	21395	-21
86-87	11910	21	5042	45	6471	-1	5193	238	28616	34

Contd..

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
<u>Alwar</u>											
84-85		8191	-	314	-	954	-	596	-	10055	-
85-86		8319	2	328	5	729	-24	477	-20	9853	-2
86-87		8891	7	347	6	729	-	640	34	10607	8
<u>Panipat</u>											
84-85		10241	-	2016	-	605	-	692	-	13554	-
85-86		12774	25	3154	56	1600	165	-	-100	17528	29
86-87		13649	7	3564	13	1148	-28	-	-	18361	5
<u>Bulandshahar</u>											
84-85		2991	-	927	-	3011	-	109	-	7038	-
85-86		3872	29	1040	12	4869	62	124	14	9905	41
86-87		5529	43	917	-12	7040	45	214	73	13700	38
<u>Hapur</u>											
84-85		2826	-	1172	-	2106	-	-	-	6104	-
85-86		4025	42	1276	9	2965	41	-	-	8266	35
86-87		5288	31	2017	58	2348	-21	-	-	9653	17
<u>Khurja</u>											
84-85		2895	-	373	-	2707	-	77	-	6052	-
85-86		3360	16	77	-79	3600	33	60	-22	7097	17
86-87		2425	-28	559	626	3193	-11	419	598	6596	-7
<u>Rewari</u>											
84-85		4200	-	1467	-	681	-	1224	-	7572	-
85-86		4810	15	1890	29	1075	58	1859	52	9634	27
86-87		4794	-0.3	1653	-13	1397	30	2340	26	10184	6
<u>Palwal</u>											
84-85		2274	-	736	-	450	-	388	-	3848	-
85-86		2323	2	1366	86	180	-60	71	-82	3940	2
86-87		2569	11	1263	-8	375	108	565	696	4772	21

Source: NIUA Survey: 1988

Table - A:3 (Summary)

Percentage Distribution of Ordinary Incomes  
(%)

Item/Towns	Taxes	Non tax	Grants	Miscl	Total
<b>DMA TOWNS</b>					
1984-85	81	10	8	1	100
1985-86	79	11	8	2	100
1986-87	73	14	11	2	100
<b>PRIORITY TOWNS</b>					
1984-85	52	15	26	7	100
1985-86	54	14	29	3	100
1986-87	55	13	25	7	100
<b>ALL</b>					
1984-85	69	12	16	3	100
1985-86	66	12	19	3	100
1986-87	63	14	18	5	100

Table - A:3  
Percentage Distribution of Ordinary Incomes

Item/Towns	Taxes	Non tax	Grants	Miscl	Total	Total amount (Rs. '000)
1.	2.	3.	4.	5.	6.	7.
<b>DMA TOWNS</b>						
<u>Faridabad-</u>						
<u>Ballabgarh</u>						
84-85	91	7	2	-	100	65604
85-86	88	10	2	-	100	70631
86-87	85	13	2	-	100	77037
<u>Ghaziabad</u>						
84-85	70	5	22	3	100	32427
85-86	71	6	18	5	100	36175
86-87	59	10	25	6	100	56740
<u>Gurgaon</u>						
84-85	64	25	7	4	100	9882
85-86	63	25	3	9	100	9606
86-87	68	22	5	5	100	13533
<u>Bahadurgarh</u>						
84-85	62	36	2	-	100	3895
85-86	58	30	12	-	100	4877
86-87	60	37	3	-	100	5282
<u>Loni</u>						
84-85	23	32	45	-	100	472
85-86	24	33	43	-	100	461
86-87	30	41	29	-	100	573
<b>PRIORITY TOWNS</b>						
<u>Meerut</u>						
84-85	-	-	-	-	-	-
85-86	49	13	36	2	100	50880
86-87	57	10	29	4	100	74471
<u>Rohtak</u>						
84-85	31	19	39	11	100	26916
85-86	46	16	30	8	100	21395
86-87	42	18	22	18	100	28616
<u>Alwar</u>						
84-85	81	3	10	6	100	10055
85-86	84	4	7	5	100	9853
86-87	84	3	7	6	100	10607

Contd...

1.	2.	3.	4.	5.	6.	7.
<u>Panipat</u>						
84-85	76	15	4	5	100	13554
85-86	73	18	9	-	100	17528
86-87	74	19	7	-	100	18361
<u>Bulandshahar</u>						
84-85	43	12	43	2	100	7038
85-86	39	11	49	1	100	9905
86-87	40	7	51	2	100	13700
<u>Hapur</u>						
84-85	46	19	35	-	100	6104
85-86	49	15	36	-	100	8266
86-87	55	21	24	-	100	9653
<u>Khurja</u>						
84-85	48	6	45	1	100	6052
85-86	47	2	51	-	100	7097
86-87	37	9	48	6	100	6596
<u>Rewari</u>						
84-85	56	19	9	16	100	7572
85-86	50	20	11	19	100	9634
86-87	47	16	14	23	100	10184
<u>Palwal</u>						
84-85	59	19	12	10	100	3848
85-86	59	34	5	2	100	3940
86-87	54	27	8	12	100	4772

Source: NIUA Survey: 1988.

Table - A:4(Summary)  
Components of Tax Incomes

(Rs in 000')

Item/Towns	Propety tax		Octroi/Toll tax		Other taxes		Total	
	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.
<b>DMA TOWNS</b>								
1984-85	27430	-	59505	-	4546	-	91481	-
1985-86	30706	12	61034	3	4532	Neg	96272	5
1986-87	36480	19	70906	16	3961	-13	111347	16
<b>PRIORITY TOWNS</b>								
1984-85	10537	-	29306	-	2191	-	42034	-
1985-86	17899	70	53100	81	3502	60	74501	77
1986-87	21675	21	71040	34	4500	28	97215	30
<b>ALL</b>								
1984-85	37967	-	88811	-	6737	-	133515	-
1985-86	48605	28	114134	29	8034	19	170773	28
1986-87	58155	20	141946	24	8461	5	208562	22



Table - A:4

Components of Tax Incomes

(Amount in 000' Rs.)

Item/Towns	Propety tax		Octroi/Toll tax		Other tax		Total	
	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.
1.	2.	3.	4.	5.	6.	7.	8.	9.
<b>DMA TOWNS</b>								
<u>Faridabad-Ballabgarh</u>								
84-85	13455	-	42127	-	4017	-	59599	-
85-86	16245	21	41535	-1	3990	-1	61767	4
86-87	15600	-4	46484	12	3172	-21	65256	6
<u>Ghaziabad</u>								
84-85	12290	-	10451	-	295	-	23036	-
85-86	13535	10	11694	12	268	-9	25497	11
86-87	17597	30	15612	34	389	45	33598	32
<u>Gurgaon</u>								
84-85	1216	-	4920	-	168	-	6304	-
85-86	211	-83	5645	15	213	27	6069	-4
86-87	2495	1083	6451	14	197	-8	9143	51
<u>Bahadurgarh</u>								
84-85	362	-	2007	-	66	-	2435	-
85-86	605	67	2160	8	61	-8	2826	16
86-87	612	1	2359	9	203	233	3174	12
<u>Loni</u>								
84-85	107	-	-	-	-	-	107	-
85-86	113	6	-	-	-	-	113	6
86-87	176	56	-	-	-	-	176	56
<b>PRIORITY TOWNS</b>								
<u>Meerut</u>								
84-85	-	-	-	-	-	-	-	-
85-86	7013	-	17425	-	709	-	25147	-
86-87	8177	17	33002	89	981	38	42160	68
<u>Rohtak</u>								
84-85	2340	-	5620	-	456	-	8416	-
85-86	2584	10	6655	18	632	39	9871	17
86-87	3338	29	7683	15	889	41	11910	21

Contd.....

1.	2.	3.	4.	5.	6.	7.	8.	9.
<u>Alwar</u>								
84-85	789	-	7402	-	-	-	8191	-
85-86	764	-3	7555	2	-	-	8319	2
86-87	876	15	8015	6	-	-	8891	7
<u>Panipat</u>								
84-85	3409	-	5798	-	1034	-	10241	-
85-86	3799	11	7555	30	1420	37	12774	25
86-87	4145	9	7388	-2	2116	49	13649	7
<u>Bulandshahar</u>								
84-85	1211	-	1419	-	361	-	2991	-
85-86	1241	3	2630	85	1	-100	3872	29
86-87	1482	19	4015	53	32	3100	5529	43
<u>Hapur</u>								
84-85	963	-	1774	-	89	-	2826	-
85-86	453	-53	3483	96	89	-	4025	42
86-87	1342	196	3857	11	89	-	5288	31
<u>Khurja</u>								
84-85	397	-	2448	-	50	-	2895	-
85-86	285	-28	2800	14	275	450	3360	16
86-87	560	97	1777	-37	88	-68	2425	-28
<u>Rewari</u>								
84-85	674	-	3485	-	41	-	4200	-
85-86	948	41	3609	4	253	517	4810	15
86-87	874	-8	3792	5	128	-49	4794	-0.3
<u>Palwal</u>								
84-85	754	-	1360	-	160	-	2274	-
85-86	812	8	1388	2	123	-23	2323	2
86-87	881	8	1511	9	177	44	2569	11

Source: NIUA Survey: 1988

Table - A:5(Summary)  
Per Capita Ordinary Income

(Rs.)

Item/Towns	Taxes	Non tax	Grants	Miscl	Total
<b>DMA TOWNS</b>					
1984-85	97	11	10	1	119
1985-86	94	13	9	3	119
1986-87	101	19	15	3	138
<b>PRIORITY TOWNS</b>					
1984-85	30	9	15	4	58
1985-86	52	13	28	3	96
1986-87	65	16	30	7	118
<b>ALL</b>					
1984-85	57	10	13	3	83
1985-86	69	13	20	3	105
1986-87	80	17	23	7	127

Table - A:5  
Per Capita Ordinary Income

(Rs.)

Item/Towns	Taxes	Non tax	Grants	Miscl	Total
1.	2.	3.	4.	5.	6.
<b>DMA TOWNS</b>					
<u>Faridabad-</u>					
<u>Ballabgarh</u>					
84-85	134	10	3	Neg	147
85-86	126	13	4	1	144
86-87	120	19	2	1	142
<u>Ghaziabad</u>					
84-85	68	5	20	2	95
85-86	70	5	18	6	99
86-87	85	15	35	8	143
<u>Gurgaon</u>					
84-85	62	24	7	4	97
85-86	56	23	3	8	90
86-87	82	27	7	6	122
<u>Bahadurgarh</u>					
84-85	58	33	2	-	93
85-86	65	33	14	-	112
86-87	70	44	3	-	117
<u>Loni</u>					
84-85	10	13	20	-	43
85-86	10	14	18	-	42
86-87	16	20	15	-	51
<b>PRIORITY TOWNS</b>					
<u>Meerut</u>					
84-85	-	-	-	-	-
85-86	52	13	37	2	104
86-87	83	16	43	5	147
<u>Rohtak</u>					
84-85	46	28	57	16	147
85-86	53	19	35	8	115
86-87	62	26	33	27	148
<u>Alwar</u>					
84-85	50	2	6	4	62
85-86	49	2	4	3	58
86-87	51	2	4	3	60

Contd....

1.	2.	3.	4.	5.	6.
<u>Panipat</u>					
84-85	65	13	4	4	86
85-86	77	19	10	-	106
86-87	79	20	7	-	106
<u>Bulandshahar</u>					
84-85	25	8	24	1	58
85-86	30	8	38	1	77
86-87	40	7	52	2	101
<u>Hapur</u>					
84-85	25	10	18	-	53
85-86	34	11	25	-	70
86-87	42	16	19	-	77
<u>Khurja</u>					
84-85	40	5	37	1	83
85-86	44	1	48	1	94
86-87	31	7	41	6	85
<u>Rewari</u>					
84-85	78	26	13	23	140
85-86	87	34	20	34	175
86-87	86	30	25	42	183
<u>Palwal</u>					
84-85	44	14	9	7	74
85-86	44	26	4	1	75
86-87	48	23	7	10	88

Source: NIUA Survey : 1988

Table - A:6(Summary)

Composition of Tax Income in Selected  
NCR Towns as per Major Tax-Heads

(%)

Towns	Property Taxes	Octroi	Other Taxes	All
<b>DMA TOWNS</b>				
1984-85	30	65	5	100
1985-86	32	63	5	100
1986-87	33	64	3	100
<b>PRIORITY TOWNS</b>				
1984-85	25	70	5	100
1985-86	24	71	5	100
1986-87	22	73	5	100
<b>ALL</b>				
1984-85	28	67	5	100
1985-86	28	67	5	100
1986-87	28	68	4	100

Table - A:6  
Composition of Tax Income in Selected  
NCR Towns as per Major Tax-Heads

(%)				
Towns	Property Taxes	Octroi	Other Taxes	All
1.	2.	3.	4.	5.
<b>DMA TOWNS</b>				
<u>Faridabad-</u>				
<u>Ballabgarh</u>				
84-85	23	70	7	100
85-86	27	67	6	100
86-87	24	71	5	100
<u>Ghaziabad</u>				
84-85	53	46	1	100
85-86	53	46	1	100
86-87	52	47	1	100
<u>Gurgaon</u>				
84-85	19	78	3	100
85-86	4	93	3	100
86-87	27	71	2	100
<u>Bahadurgarh</u>				
84-85	34	64	2	100
85-86	28	70	2	100
86-87	20	74	6	100
<u>Loni</u>				
84-85	100	-	-	100
85-86	100	-	-	100
86-87	100	-	-	100
<b>PRIORITY TOWNS</b>				
<u>Meerut</u>				
84-85	-	-	-	100
85-86	28	69	3	100
86-87	19	78	3	100
<u>Rohtak</u>				
84-85	36	54	10	100
85-86	36	58	6	100
86-87	37	56	7	100
<u>Alwar</u>				
84-85	9	84	7	100
85-86	9	86	5	100
86-87	9	84	7	100

Contd....

1.	2.	3.	4.	5.
<u>Panipat</u>				
84-85	44	55	1	100
85-86	41	59	-	100
86-87	46	53	1	100
<u>Bulandshahar</u>				
84-85	41	47	12	100
85-86	32	68	-	100
86-87	27	73	-	100
<u>Hapur</u>				
84-85	32	59	9	100
85-86	11	83	6	100
86-87	26	74	-	100
<u>Khurja</u>				
84-85	14	85	1	100
85-86	9	83	8	100
86-87	23	73	4	100
<u>Rewari</u>				
84-85	16	83	1	100
85-86	20	75	5	100
86-87	18	79	3	100
<u>Palwal</u>				
84-85	34	59	7	100
85-86	45	50	5	100
86-87	45	49	6	100

Source: NIUA Survey : 1988



Table - A:7(Summary)  
Distribution of Per Capita Tax Income  
as per Major Tax Heads  
(Rs.)

Towns	Property Taxes	Octroi	Other Taxes
<b>DMA TOWNS</b>			
1984-85	29	63	5
1985-86	30	60	4
1986-87	33	64	4
<b>PRIORITY TOWNS</b>			
1984-85	8	21	2
1985-86	12	37	2
1986-87	14	47	3
<b>ALL</b>			
1984-85	16	38	3
1985-86	20	46	3
1986-87	22	55	3

Table - A:7  
Distribution of Per Capita Tax Income  
as per Major Tax Heads

(Rs.)

Towns	Property Taxes	Octroi	Other Taxes
1.	2.	3.	4.
<b>DMA TOWNS</b>			
<u>Faridabad-</u>			
<u>Ballabgarh</u>			
84-85	31	95	9
85-86	34	86	8
86-87	29	86	6
<u>Ghaziabad</u>			
84-85	36	31	1
85-86	37	32	1
86-87	46	39	1
<u>Gurgaon</u>			
84-85	12	48	2
85-86	2	53	2
86-87	22	58	2
<u>Bahadurgarh</u>			
84-85	25	48	2
85-86	20	50	1
86-87	14	52	5
<u>Loni</u>			
84-85	10	-	-
85-86	10	-	-
86-87	16	-	-
<b>PRIORITY TOWNS</b>			
<u>Meerut</u>			
84-85	-	-	-
85-86	14	36	2
86-87	16	65	2
<u>Rohtak</u>			
84-85	21	31	6
85-86	22	36	4
86-87	27	40	5
<u>Alwar</u>			
84-85	5	45	4
85-86	5	46	3
86-87	5	46	4

Contd....

1.	2.	3.	4.
<u>Panipat</u>			
84-85	29	37	Neg
85-86	32	46	1
86-87	37	43	1
<u>Bulandshahar</u>			
84-85	10	12	3
85-86	10	20	-
86-87	11	29	-
<u>Hapur</u>			
84-85	8	16	2
85-86	4	29	2
86-87	11	31	-
<u>Khurja</u>			
84-85	5	33	1
85-86	4	37	4
86-87	7	23	1
<u>Rewari</u>			
84-85	13	64	1
85-86	17	66	5
86-87	16	68	2
<u>Palwal</u>			
84-85	15	27	3
85-86	24	26	2
86-87	25	28	3

Source: NIUA Survey : 1988

Table - B:1 (Summary)

Pattern of Ordinary Expenditure

(Amount in 000' Rs.)

Item/Towns	Gen.admn. and collection of revenue		Public health		Public works		Public safety	
	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.
<b>DMA TOWNS</b>								
1984-85	12782	-	56925	-	20990	-	9766	-
1985-86	14090	10	58909	3	25830	23	12899	32
1986-87	14636	4	66450	13	28344	10	17510	36
<b>PRIORITY TOWNS</b>								
1984-85	16334	-	34078	-	8163	-	3227	-
1985-86	23269	42	68282	100	25600	214	4973	54
1986-87	23530	1	75998	11	31695	24	6297	27
<b>ALL</b>								
1984-85	29116	-	91003	-	29153	-	12993	-
1985-86	37359	28	127191	40	51430	76	17872	38
1986-87	38166	2	142448	12	60039	17	23807	33

Table - B:1 (Summary)  
Pattern of Ordinary Expenditure

(Amount in 000' Rs.)

Item/Towns	Education		Recreation		Miscl.		Total	
	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.
<b>DMA TOWNS</b>								
1984-85	286	-	4529	-	2481	-	107759	-
1985-86	346	21	5534	22	1908	-23	119516	11
1986-87	1076	211	7141	29	2211	16	137368	15
<b>PRIORITY TOWNS</b>								
1984-85	217	-	1446	-	5341	-	68806	-
1985-86	230	6	1555	8	7775	46	131684	91
1986-87	127	-45	3751	141	8950	15	150348	14
<b>ALL</b>								
1984-85	503	-	5975	-	7822	-	176565	-
1985-86	576	15	7089	19	9683	24	251200	42
1986-87	1203	109	10892	54	11161	15	287716	15

Table - B:1

Pattern of Ordinary Expenditure

(Amount in 000' Rs.)

Item/Towns	Gen.admn. and collection of revenue		Public health		Public works		Public safety	
	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.
1.	2.	3.	4.	5.	6.	7.	8.	9.
<b>DMA TOWNS</b>								
<u>Faridabad-</u>								
<u>Ballabgarh</u>								
84-85	6784	-	35412	-	12400	-	5313	-
85-86	6954	3	38478	9	14429	16	6454	22
86-87	7456	7	41107	7	14557	1	6285	-3
<u>Ghaziabad</u>								
84-85	2592	-	15976	-	6670	-	3308	-
85-86	2507	-3	16250	2	7829	17	4881	48
86-87	3099	24	20855	28	10886	39	9767	100
<u>Gurgaon</u>								
84-85	2196	-	3866	-	1283	-	679	-
85-86	2887	32	2579	-33	2495	95	801	18
86-87	2709	-6	2653	3	2454	-2	862	8
<u>Bahadurgarh</u>								
84-85	1123	-	1498	-	458	-	372	-
85-86	1618	44	1457	-3	962	110	646	74
86-87	1306	-19	1405	-4	223	-77	580	-10
<u>Loni</u>								
84-85	87	-	173	-	179	-	94	-
85-86	124	43	145	-16	115	-36	117	25
86-87	66	-47	430	197	224	95	16	-86
<b>PRIORITY TOWNS</b>								
<u>Meerut</u>								
84-85	-	-	-	-	-	-	-	-
85-86	4406	-	30007	-	15522	-	468	-
86-87	4558	3	36549	22	20478	32	1631	249
<u>Rohtak</u>								
84-85	3392	-	8854	-	207	-	691	-
85-86	3554	5	7319	-17	354	71	883	28
86-87	3228	-9	7278	-1	250	-29	1100	25

Contd...

1.	2.	3.	4.	5.	6.	7.	8.	9.
<u>Alwar</u>								
84-85	2252	-	5349	-	402	-	600	-
85-86	2561	14	6041	13	594	48	703	17
86-87	2610	2	6278	4	448	-25	852	21
<u>Panipat</u>								
84-85	2370	-	6096	--	2258	-	792	-
85-86	3643	54	6629	8	2367	5	1517	92
86-87	3270	-10	7526	14	2756	16	1045	-31
<u>Bulandshahar</u>								
84-85	1310	-	3982	-	2089	-	338	-
85-86	1288	-2	4395	10	2568	23	296	-12
86-87	1323	3	4482	2	3888	51	499	69
<u>Hapur</u>								
84-85	966	-	3752	-	1240	-	204	-
85-86	1223	27	5250	40	1671	35	432	112
86-87	1634	34	5947	13	3251	95	270	-38
<u>Khurja</u>								
84-85	897	-	2985	-	1056	-	115	-
85-86	1000	12	4725	58	1620	53	125	9
86-87	1075	8	3925	-17	155	-90	331	165
<u>Rewari</u>								
84-85	4043	-	1352	-	822	-	302	-
85-86	4240	5	1663	23	625	-24	334	11
86-87	4632	9	1896	14	398	-36	371	11
<u>Palwal</u>								
84-85	1104	-	1708	-	89	-	185	-
85-86	1354	23	2253	32	279	214	215	16
86-87	1200	-11	2117	-6	71	-75	198	-8

Contd....

Item/Towns	Education		Recreation		Miscl.		Total	
	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.	Amt.	% inc. over prev. yr.
	10.	11.	12.	13.	14.	15.	16.	17.
<b>DMA TOWNS</b>								
<u>Faridabad-</u>								
<u>Ballabgarh</u>								
84-85	146	-	3366	-	732	-	64153	-
85-86	255	75	4131	23	582	-21	71283	11
86-87	878	244	5639	37	134	-77	76056	7
<u>Ghaziabad</u>								
84-85	138	-	892	-	1336	-	30912	-
85-86	91	-34	1029	15	1326	-1	33913	10
86-87	197	117	1062	3	1388	5	47254	39
<u>Gurgaon</u>								
84-85	2	-	205	-	-	-	8231	-
85-86	Neg.	-73	270	32	-	-	9032	10
86-87	1	175	344	27	-	-	9023	Neg.
<u>Bahadurgarh</u>								
84-85	-	-	66	-	413	-	3930	-
85-86	-	-	104	58	-	-100	4787	22
86-87	-	-	96	-8	651	-	4261	-11
<u>Loni</u>								
84-85	-	-	-	-	-	-	533	-
85-86	-	-	-	-	-	-	501	-6
86-87	-	-	-	-	38	-	774	55
<b>PRIORITY TOWNS</b>								
<u>Meerut</u>								
84-85	-	-	-	-	-	-	-	-
85-86	57	-	376	-	2647	-	53483	-
86-87	51	-11	583	55	3002	13	66852	25
<u>Rohtak</u>								
84-85	18	-	659	-	291	-	14112	-
85-86	22	22	69	-90	14	-95	12215	-13
86-87	53	141	2115	2965	-	-100	14024	15

Contd...



	10.	11.	12.	13.	14.	15.	16.	17.
<u>Alwar</u>								
84-85	-	-	39	-	615	-	9257	-
85-86	-	-	31	-21	691	12	10621	15
86-87	-	-	31	-	1099	59	11318	7
<u>Panipat</u>								
84-85	-	-	395	-	577	-	12488	-
85-86	-	-	546	38	262	-55	14964	20
86-87	-	-	643	18	410	57	15650	5
<u>Bulandshahar</u>								
84-85	109	-	65	-	606	-	8499	-
85-86	120	10	55	-15	468	-23	9190	8
86-87	15	-88	92	67	382	-18	10681	16
<u>Hapur</u>								
84-85	80	-	61	-	264	-	6567	-
85-86	1	-99	197	223	317	20	9091	38
86-87	1	-25	89	-55	316	Neg.	11508	27
<u>Khurja</u>								
84-85	10	-	17	-	861	-	5941	-
85-86	30	200	10	-41	795	-8	8305	40
86-87	7	-77	10	-	347	-56	5850	-30
<u>Rewari</u>								
84-85	-	-	160	-	1865	-	8544	-
85-86	-	-	190	19	2258	21	9310	9
86-87	-	-	121	-36	3071	36	10489	13
<u>Palwal</u>								
84-85	-	-	50	-	262	-	3398	-
85-86	-	-	81	62	323	23	4505	33
86-87	-	-	67	-17	323	-	3976	-12

Source : NIUA Survey, 1988.